



# Dealers Wanted!

Boat builders are beginning to add new dealerships to their networks, but both sides are proceeding with caution.

**From** the mid-2000s through much of 2008, boat builders and marine product manufacturers enjoyed a period unprecedented prosperity. Many spent much of the decade happily expanding their dealer and distributor networks, serving their customers, and simply riding the crest of the wave. Few people dispute today that economic vibrancy of the marine industry was at its highest point in history when, in the fall of 2008, the wave came crashing down—with tsunami-like effects.

Among those who suffered most were the marine dealers, who found themselves in a “perfect storm” as not only customers, but also the banks that had handled their floor-plan accounts abandoned them. According to Phil Keeter, president of the Marine Retailer Association of America (MRAA), “Marine dealers were and continue to be on the frontline of the economic recession.”

Today, however, there are signs that the picture may be improving. A number of OEM builders and marine product manufacturers are starting slowly to replace the dealers they lost or let go during the worst of the downturn.

Carl Herndon, president of Florida-based Jupiter Marine, says he is seeing a slow recovery in what he characterizes as a “new marketplace”,

and believes builders are actively seeking to reconstruct their dealer groups “From our perspective, 2009 was probably the worst; 2010 was a slight improvement and 2011 is a slight improvement over 2010,” he said. “So for us, the business is continuing to improve and that is reflected [by] the dealers.”

Herndon reports that Jupiter Marine lost about a quarter of its dealers and is now working to recoup those losses. The company is being cautious as it moves forward, however. “Seventy-five percent of our dealer group remained intact, and [while] we have some key areas where we would like to look for dealers, we’re trying to be selective—we are not in a hurry to do it. We want to look at the marketplace and make a logical decision based on the long-term.”

Herndon explained, “I think financing and floor-planning play a key role in the decision-making process, because only the well-established dealers that are financially secure can get the floor-planning. If a dealer has a limited floor-plan, he has to stretch it out to what he thinks is most beneficial. We’re being more selective—and the dealers we have contacted are also being more selective,” he said, adding, “Trying to find

By GORDON CONNELL

a well-established, long-term dealer that doesn't already have two or three other lines is challenging because the dealers that survived are the strong dealers."

Regal Marine Marketing Manager Mark Kellum agreed. "I think its been pretty well publicized that the dealers are the ones holding the cards right now and that manufacturers are working very hard to build their dealer networks."

In order to retain its existing dealers and to attract strong new ones, Regal is introducing innovative and fuel-efficient new boats; new concepts such as its Power Tower; new incentives like the Pre-Production

company of Ranger Tugs, did not lose any Ranger dealers during the recession. However, the company is still in dealer-acquisition mode, having just launched a new line, Cutwater Boats. Since start of 2011, reported Vice President Jeff Messmer, the company has added seven new dealerships. The formula he follows is simple – "The right product, the right program that makes the dealer profitable, and boats that are fun to sell," he said.

Cutwater Boats, while trailerable like Ranger Tugs, feature more contemporary styling. Why not use the existing Ranger dealer network to sell Cutwater? "We don't have our two boat lines in the same dealership



*Builders that have invested in the R&D to put new models on the market include Regal (opposite), Jupiter (above left) and Cutwater Boats (above).*

Program, which allows owners to customize boats over 40 feet; a regular advertising schedule, and the Regal Factory Showroom. "We're finding that we have the opportunity to really look at some of the best [dealers] now and I think they're seeing the support [we give] our dealers and the things we're done to help them through the recession," said Kellum.

Carlton Phillips, owner of Sea Ray dealer Prince William Marine of Virginia, said boat builders are stepping up with new programs that are creative ways to help dealers sell boats. He pointed to Sea Ray's joint promotion with Costco as an example.

On the heels of his dealership's best first-quarter results ever, Phillips attributed its success to high service quality and standards, and to his strong investment in the business, which has enabled him to capitalize on business opportunities presented by the closure of other dealerships in the area. "I think Sea Ray has lost a few dealers and has picked up a few better dealers," he said. "I know of several dealers who have dropped other brands and picked Sea Ray because the dealer in that area has failed."

Washington-based boat manufacturer Fluid Motion LLC, parent

because we felt that mixing the brands was not the right way to go," Messmer said. "Because of the different demographic of buyer and market segments for each line, we feel strongly that we want to match our dealer with the product."

Despite the fact that OEMs are starting to hang out their "Dealers Wanted" signs, Keeter still advised caution. "Manufacturers are always looking to build their networks with bigger or better dealers to sell the product, but I don't necessarily know that there is a trend..." he said. "The lack of customer traffic at the moment is keeping things tough and the issue of tighter credit for financing doesn't help. Not a lot of dealers are eager to take on new product now with floor planning still tight..." Keeter noted that, "The state of the marine industry is based on the general economy, [and] looking at the recent first quarter reports, the recovery will be a long haul."

Jupiter Marine's Carl Herndon summed up, "Everybody got hurt in this last recession and the ones that survived learnt a lesson and they're not likely to forget. It's forced us to be better businessmen. [Dealers are] being more selective, and we are being more selective." 