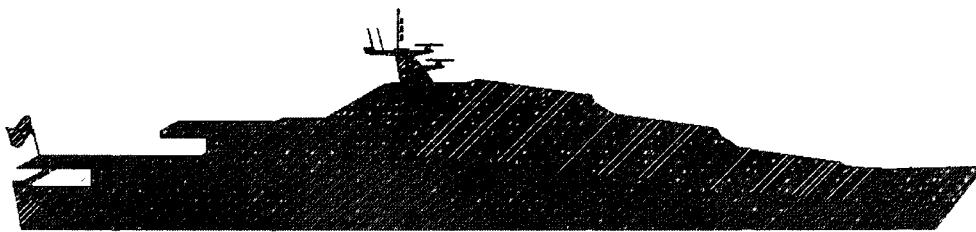




MEGAYACHT MARKETING PROJECT

The way to enter in this business with a new product



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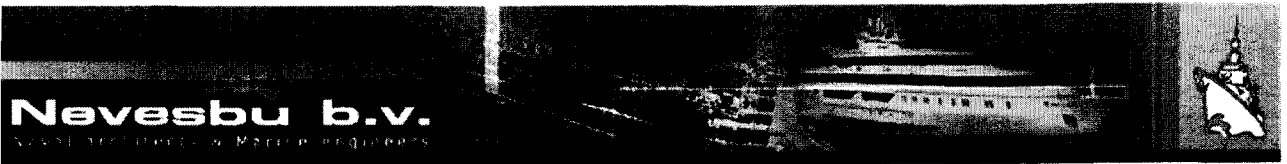


SUMMARY

In their efforts to expand their services in the megayacht market, the company Nevesbu has facing a problem: “they have the design of a megayacht but they don’t know how to sell it”. This report will give them the framework to success in the market place. Several marketing theories and methods, such as segmentation, targeting, positioning, Porter’s five forces , Porters’ strategies and the model of Ansoff, has been applied on Nevesbu’s in order to help them in it.

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1. INTRODUCTION

I joined the company Nevesbu on February 10th, 2004.

Nevesbu was founded on February 22nd, 1935 by a combination of shipyards and industries involved in the construction of naval ships and submarines in the Netherlands at that time. The purpose of this initiative was to create a knowledge centre on naval design and engineering providing services to the yards involved and to act as a central platform for negotiations with the Royal Netherlands Navy. Since 1997, Nevesbu is part of the RDM Technology Holding Organization as an independent engineering company. Since 1998, Nevesbu has offered engineering and design services to large yacht builders in the Netherlands, and now, they have the strong intention to expand the service package to the mega-yacht market area:

- to conceptual and basic design, and
- To services for shipyards outside The Netherlands.

In this sector, they have been working in a new project: "the design of a series of luxury megayachts". The design know-how and skills which Nevesbu developed through designing naval vessels were 'translated' into the designs of the yachts. These skills typically consisted of weight control, seakeeping estimates, stabilities assessment, noise and vibrations control and engineering of spaces with high filling rate.

What the company expected from me was that I helped in this project in the marketing section. They had a pretty good design but they didn't know how to sell it. They wanted to enter in the consumer megayachts' market with it. This was a very big problem for them. Nevesbu didn't have a marketing department neither people specialized in it. My business in this project was to give them input about marketing, focusing in the megayacht sector. Some of the questions that I should give answer along my report were: how the megayacht market was in this moment, the possibilities for Nevesbu to enter in this market with their new design, etc... They were very interested in this part of the project because they have a place in the Monaco Yacht Show to present their product, which is on September this year, and they want to know who they are competing with and the best strategy to present the design before going there.

In my report, I am not going to tell them what they must do. I will show them the different possibilities that they have in this area in order to give them the input to decide what they want to do.

In the process of developing my project I have found some barriers. First of all the company gave me an assignment to do inventories about the yards, naval architects&designers, owners, suppliers...around the world. It was too much work due to the lack of time. I started looking at megayacht websites in order to do that inventory and reading megayachts' magazines. One month later I decided to change the assignment because having inventories without a previous knowledge in marketing were not useful. A framework in marketing was needed first. So, I focused my report in marketing studies and more specifically in the different steps that a marketer had to follow to take marketing decisions and plans.



I made some interviews with people specialized in different aspects of the megayacht market in order to get information by word of mouth and continue my research via internet, magazines, books, etc.

The 5th of April the Nevesbu's director announced that the company was going to close. I left Nevesbu the next day. Since then I continued with the project by myself and with the supervision of the professor from the Hoogeschool, Mr. Lex Baart. I haven't had the company's input for the last two months but I've been in touch with my company's supervisor.

2. MARKETING FRAMEWORK

2.1. *The Core Concepts of Marketing*

In this report I am talking about the mega yachts market, but, what is this market exactly? What I refer when I talk about this market? Defining the market is a very complex work. But, before starting talking about the mega yachts world and make an overview of this specific market, I will present the major concepts and philosophies underlying modern marketing thinking and practice. The theory in marketing provides a common terminology and framework for discussing marketing problems.

In definitely, I will define "marketing" and explain what I understand about it in order to be able to focus all my efforts in the area of my business, which is the "mega yachts market world".

As I have told in the introduction, the company Nevesbu needed some input in marketing. For this reason and because I am not an expert in marketing, I decided that my starting point should be define what marketing is and study which the core concepts of marketing are. So, starting with this will help to understand what I am doing, why I do that, and what I will be talking about in this report.

Marketing has been defined in various ways:

"Marketing is so basic that it cannot be considered a separate function. It's the whole business seen from the point of view of it's final result, that is, from the customer's point of view...Business success is not determined by the producer but by the customer."

Peter Drucker

"Marketing consists of all activities by which a company adapts itself to its environment creatively and profitability."

Ray Corey

"Marketing's job is to convert societal needs into profitable opportunities"

Anonymous

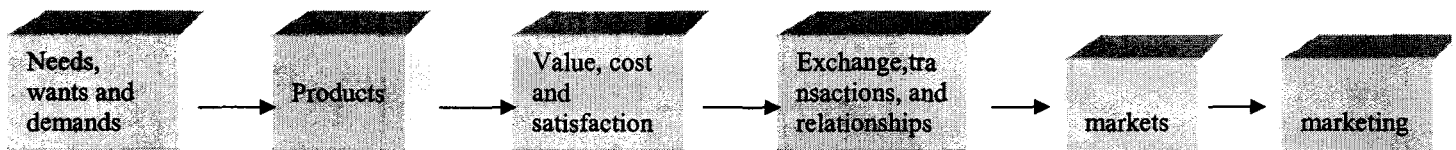
I like the following definition:

"Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others."

This definition of market rests on the following core concepts:

- Needs, wants and demands;
- Products;
- Value, cost and satisfaction;
- Exchange, transactions, and relationships;
- Markets and
- Marketing and marketers.

These concepts are illustrated in the next figure and discussed below:



I will explain in a few words what every concept means and why they are so important in my analysis in order to understand what marketing is.

2.1.1. Needs, Wants and Demands

Marketing thinking starts with the fact of human needs and wants. People need food, air, water, clothing and shelter to survive. Beyond this, people have a strong desire of recreation, education, and other services. They have strong preferences for particular brands of goods and services. The marketer must try to understand the target market's needs, wants, and demands. In my case, I will have to understand what the needs, wants and demands are in the megayacht area. I can find different segments in this megayachts' world, and each segment has its own needs, wants and demands.

But first of all I will have to think about who its customers are. Nevesbu wants to find a potential buyer for its design. This will be a future owner of the yacht. So, what are the needs, wants and demands of these people, the owners?



First of all, a useful distinction can be drawn between needs, wants and demands:

- *A human need is a state of felt deprivation of some basic satisfaction.*

The yachts' owners, need safety, quality, perfection, travelling, recreation, size, time, speed... I will deep in their needs later. I only wanted to make here a little introduction about what needs mean because I will talk about it during all the report. Understanding the owners' needs is one of the most difficult tasks for a marketer. But it's worth to put too much effort on it because knowing them the success will be closer.

These needs become wants when they are directed to specific objects that might satisfy the need.

- *Wants are desires for specific satisfiers of these deeper needs.*

Some owners need quality and buy an Amels' boat, others need speed and buy a speed boat... Owners' wants are continually shaped and reshaped by social forces and institutions, such as families, business corporations, technology's advances...

- *Demands are wants for specific products that are backed by an ability and willingness to buy them.*

Wants become demands when supported by purchasing power. Many people want a 50 meters boat; only a few are able and willing to buy one. Nevesbu must therefore measure not only how many people would want their products, more important, how many would actually be willing to buy them.

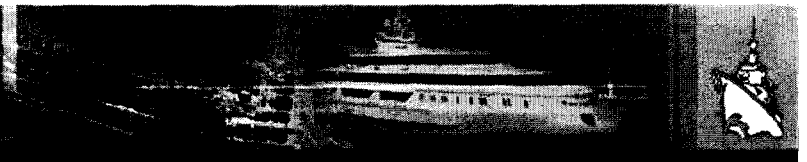
I want to reflect with this that marketers, in this case Nevesbu, do not create needs; needs preexist marketers. So for this reason, Nevesbu must influence owners' wants. They will have to do their products appropriate, attractive, affordable and easily available to target consumers.

This is the starting point: understand the customers' needs and influence in the owners' wants by offering them the right product which satisfies their needs.

Every business wants to earn money, (they are in it because of that), and all their efforts are focusing in satisfying the client by understanding their needs and wants. The better you do, the best situation you will have in this market, and your firm, hopefully will be able to get the profit expected.

2.1.2. Products

People satisfy their needs with products and services. I will use the term product to cover both. Product is anything that can be offered to satisfy a need or a want. The importance of physical products lays not so much in owning them as in obtaining the services they render. The owner of a yacht won't buy a yacht to look at; he will buy it because it supplies transportation service, privacy, power... Thus physical products are really vehicles that deliver services to the customers. A physical product in the megayacht sector could be a design, a yacht, engineering works...



In fact, services are also supplied by other vehicles, such as persons, places, activities, organizations, and ideas. If a yacht's owner is bored, he can go to a boat show and see the presentation of a project (person), travel to a warm vacation land like Bermuda (place), participate in some world cup race (activity), join a club for yacht's owners (organization), or adopt a different philosophy about life (idea). Therefore, I will use the term product to cover physical products, services products and other vehicles that are capable of delivering satisfaction of a want or need.

The company Nevesbu will have to pay much attention in the services produced by the products they are developing. They will have to sell solutions to a need, not just only a product. They will have to realize that what they will have to do is to sell the benefits or services built into physical products rather than just describe their physical features. "We are not selling yachts, we are not selling a design, we are selling quality, power, and speed...we are selling your dreams come true". When someone wants to buy a design he doesn't want to buy a piece of paper with a nice picture, he wants to buy style, quality, beauty...

2.1.3. Value, cost and satisfaction

It's really important to know how customers choose among the many products that might satisfy a given need. Suppose a man who wants to cross the ocean by boat. A number of products could satisfy this need: a sailing yacht, a commercial vessel, a cruising yacht, an expedition yacht, a sport fisher, an open yacht... These alternatives constitute his product choice set. Assume that this man would like to satisfy several additional needs in his travel across the ocean: speed, safety, economy, and quality. I call these his need set. Now each product has a different capacity to satisfy his various needs. Somehow this man has to decide which product will deliver the most total satisfaction.

The guiding concept is customer value. Everyone who is going to buy a boat will form an estimate of the capacity of each product to satisfy his set of needs. Value is the customer's estimate of the product's overall capacity to satisfy his or her needs.

The cost is something more that the clients take into account. Although the people who can afford paying this type of yachts don't think this is the most important, but of course they mind price too. And maybe a cost is not only the price; the cost could be for example, the difficult to go to the yard where the yacht is being built, the difficult to contact to the designer, etc. The costs can be monetary costs, time costs, energy costs and psychic costs. So, each product involves a cost. Therefore, the future owner of a yacht will consider the product's value and cost before making a choice.

The concepts of value, cost and satisfaction are crucial to the discipline of marketing. Therefore I have decided to talk about them. They are so important because the whole marketing plan rests on assumptions about how customers make choices, and make them basing on value, cost, and satisfaction of the products they buy.



2.1.4. Exchange, transactions, and relationships

The fact that people have needs and wants and can place value on products doesn't define marketing. Marketing emerges when people decide to satisfy needs and wants through exchange.

Exchange is the process of obtaining a desired product from someone by offering something in return. It's the defining concept underlying marketing.

Exchange must be seen as a process rather than as an event. Two parties are said to be engaged in exchange if they are negotiating and moving toward an agreement. If an agreement is reached, it's said that a transaction takes place. Transactions are the basic units of exchange. A transaction consists of a trade of values between two parties.

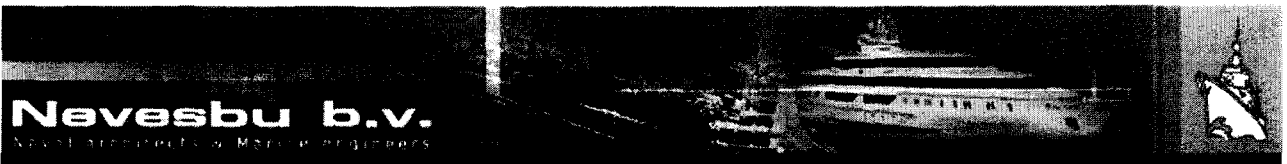
To effect successful exchanges, the marketer should analyze what each party expects to give and get.

I will apply this to the megayacht market. Suppose Caterpillar, the largest manufacturer of earth-moving equipment in the world. They research the benefit that a typical yard wants when it buys such equipment. The yard's wants are the next: high quality durable equipment, fair price, on-time delivery of equipment, good financing terms and good parts and service. These wants are not equally important and may vary from buyer to buyer. One of Caterpillar's tasks is to discover the relative importance of these different wants to the buyer. Caterpillar also has a want list. They want a good price for the equipment, on-time payment and good word of mouth. If there is a sufficient match or overlap in the want lists, a basis for a transaction exists. Caterpillar's task is to formulate an offer that motivates the yard to buy Caterpillar equipment. The yard might, in turn, make a counteroffer. This process of negotiation leads to mutually acceptable terms or a decision.

Nevesbu will have to take care of this when they start doing transactions of their products. I won't deep in this because this is not my business here. But I have considered telling something about this because marketing emerge when people decide to satisfy needs and wants through exchange.

Transaction marketing is part of a larger idea called relationship marketing.

Relationship marketing aims to build long-term mutually satisfying relations with key parties-customers, suppliers, distributors- in order to earn and retain their long-term preference and business. This is what Nevesbu should do, and they could accomplish this by promising and delivering high-quality products and services at fair prices to the other parties all the time. It cuts down on transaction costs and time. In the most successful cases, transactions move from being negotiated each time to being a matter of routine.



2.1.5. Markets

The concept of exchange leads to the concept of market.

A market consist of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

Thus the size of the market depends upon the number of persons who exhibit the need, have resources that interest others, and are willing to offer these resources in exchange for what they want.

If I look through this definition, I should say that the market is only a group of owners with specific needs and wants, or some yards, or refit and repair yards...They are all groups of potential customers for Nevesbu's products, they are different markets. But business people use the term *markets* colloquially to cover various groupings of customers. They talk about the geographic market (such as the American market); the product market (such as the megayacht market); the demographic market (such as the youth market)...Because I have been working in a company and they used to use this term, I decided to use this term along my report as well. I will speak about the megayacht market. I will define it later.

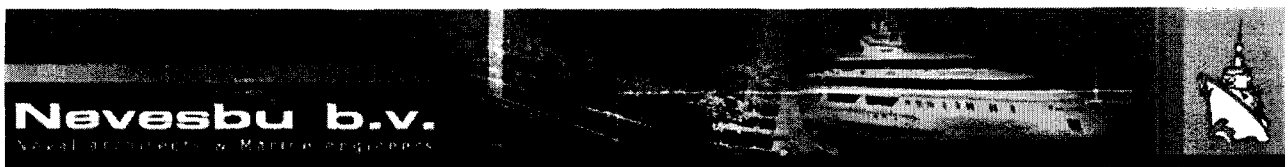
2.1.6. Marketing and Marketers

The concept of markets brings me full circle to the concept of marketing. Marketing means human activity taking place in relation to markets. Marketing means working with markets to actualize potential exchanges for the purpose of satisfying human needs and wants.

A marketer is someone seeking a resource from someone else and willing to offer something of value in exchange. In the case that I am studying, the company Nevesbu is the marketer. They are seeking a response from their customers, the ones who are going to buy their products.

Nevesbu is a company (acting as a marketer), who wants to serve an end users' market (the yacht's owners), in the face of competitors. The company will have to send their products and messages directly and/or through marketing intermediaries to the end users. To get in contact directly to the owners of yachts is really very difficult, so they will have to choose intermediaries to get them. These could be yacht brokers, magazines, internet...

Having reviewed these concepts, it can be understood the marketing definition which was written before.



2.2. Marketing Fundamentals

From the underlying marketing concept outlined above, and the changes identified in the context in which marketing takes place, emerge a set of basic marketing principles which serve to guide both marketing thought and action. Each of these principles seems so obvious as not require stating. However, recognition of these principles and their applications has revolutionised how organisations respond to and interact with their customers.

2.2.1. Principle 1: The Customer Is King

The first principle of marketing is the marketing concept itself. This recognises that the long-run objectives of the organisation, financial or social, are best served through achieving a high degree of customer satisfaction. From the recognition flows the need for a close investigation of customers wants and needs followed by a clear definition of how the company can best serve them.

It also follows that the only arbiters of how well the organisation satisfies its customers are the customers themselves. The quality of the goods or services offered to the market will be judged by the customers on the basis of how well the requirements are satisfied. A quality product or service, from the customers' perspective, is one that satisfies or is "fit for purpose" rather than one unrequired luxury.

As Levitt (1986) demonstrates, adopting a market-led approach poses some very basic questions. The most important include:

- What business are we in?
- What business could we be in?
- What business do we want to be in?
- What must we do to get into or consolidate in that business?

The answers to these fundamental questions can often change a company's whole outlook and perspective.

Along the development of my report I will try to give answer to these questions.

2.2.2. Principle 2: Customers do not buy products

The second basic marketing principle is that customers do not buy products; they buy what the product can do for them. In other words, customers are less interested in the technical features of a product or service than in what benefits they get from buying, using or consuming the product or service.

Marketers view products and services as "bundles of benefits", or a combination of attractions that all give something of value to the customer. Any product enhancements needs to be assessed on the basis of the extra benefits they give. Some may be substantial, other minor.



Nevesbu should gear itself up to solving customer's problems, not exclusively promoting its own current (and often transitory) solution.

Customers don't buy a boat, they buy a set of choices.

2.2.3. Principle 3: Marketing is too important to leave to the marketing department

Marketing is the job of everyone in the organisation. The actions of all can have an impact on the final customers and the satisfactions the customers derive.

King (1985) has pointed to a number of misconceptions as to what marketing is.

One of the most insidious misconceptions he terms " marketing department marketing", where an organisation employs marketing professionals who may be very good at analysing marketing data and calculating market shares to threedecimal places, but who have very little real impact on the products and services the organisation offers to the customers. The marketing department is seen as the only department where marketing is "done", so that the others departments can get on their own agenda and pursue their own goals.

As organistaions become flatter, reducing layers of bureaucracy, and continue to break down the spurious functional barriers between departments, so it becomes increasingly obvious that marketing is the job for everyone. It is equally obvious that marketing is so central to both survival and prosperity that is far too important to leave only to the marketing department.

In Nevesbu there is no marketing departement. So marketing must be done by every one in the company.

2.2.4. Principle 4: Markets are heterogeneous

It is becoming increasingly evident that most markets are not homogeneous, but are made up of different individual customers, sub-markets or segments. While some customers, for example, may buy a yacht for cruising during their vacations, others may by for comfortable or safe travel, and still others may buy for status reasons or to satisfy and project their self-image. Products and services that attempt to satisfy a segmented market through a standardised product almost invariable fall between two or more stools and become vulnerable to more clearly targeted competitors.

Relating back to Principle 2 above, it is evident that one way of segmenting markets is on the basis of benefits customers get in buying or consuming the product or service. Benefit segmentation has proved to be one of the most useful ways of segmenting markets for the simple reason that it relates the segmentation back to the real reasons for the existence of segments in the first place –different benefit requirements.

2.2.5. Principle 5: Markets and customers are constantly changing

It is a truism to say that the only constant is change. Markets are dynamic and virtually all products have a limited life until a new or better way of satisfying the underline want or need is found: in other words, until another solution or benefit provider comes along.

The need for constant product and service improvement is also evident. As customer expectations change, usually becoming more demanding in the benefits they expect from a given product or service, so organisations need to upgrade their offerings continuously to retain, let alone improve position.

There are two main processes of improvement. The first is through innovation, where relatively large step is taken at one point in time.

The second approach to improvement, however, is a more continuous process whereby smaller changes are made but on an insistent basis.

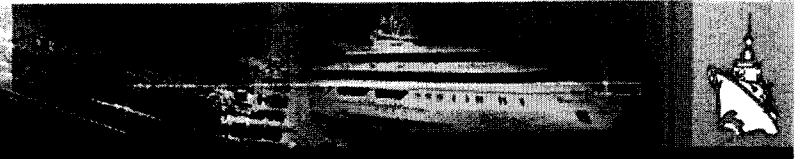
2.3. Marketing Decisions and Plans

“Marketing” has two distinct meanings. The first, and most important, is a philosophy for the whole business. It defines the primary goal of everyone in the organization, as meeting the needs of customers. Marketing is the philosophy, which integrates the disparate activities, and functions, which take place within the organization. Satisfied customers are seen as the only source of the firm’s profit, growth and security. The second meaning of marketing is as a distinct set of activities and tasks that constitute marketing planning and decision making.

These **marketing decisions and plans** are centre around four areas:

1. *Market segmentation*: segment the market in which the company operates, research the needs of customers in these segments, and study their characteristics, decision-making process and buying behaviour.
2. *Selecting target markets*: the attractiveness of the different segments in terms of profit and growth has to be analyzed, and those offering the firm the best potential needs to be chosen.
3. *Market positioning*: once a segment is chosen, the firm has to seek to build a differential advantage, which will make its offer preferred to those of competitors. It will then develop a marketing mix to implement this positioning strategy.
4. *Marketing planning*: develop a plan to implement the positioning strategy and build an organization capable of exploiting the potential of the market.

In the next graphic, these four steps are shown:



Market segmentation

1. Identify customers' needs and segment the market.
2. Develop profiles of resulting segments.



Target marketing

1. Evaluate attractiveness of each segment.
2. Select target segments.



Marketing positioning

1. Identify differential advantage for each segment.
2. Formulate marketing mix



Marketing planning

1. Develop marketing plan for each segment.
2. Develop marketing organization.



I have decided to follow these steps because the heart of modern strategic marketing can be described as STP marketing-segmenting, targeting and positioning. This provides the broader framework for strategic success in the market place.

2.3.1. Market Segmentation

➤ Introduction

A market is a group of potential customers with a group of similar needs. But customers in a market are never homogeneous. They differ in the benefits wanted, the amount they are able or willing to pay, the media they see and the quantities they buy. It therefore makes sense for marketers to segment the market and target one or more of these segments with specialized, tailored offerings.

A market segment is a group of potential customers within the market with similar needs, needs that can be satisfied in the same way. These customers have special characteristics, which are significant for marketing strategy. In most markets the need for segmented offerings is obvious because a single product will not satisfy all the customers.

Segmentation increase profits opportunities because different groups of customers attach different economic or psychological values to the solution offered. Market segmentation is a spur to innovation by revealing hidden profit opportunities that can be won by better meeting the needs of specific high-value customer groups.

New or smaller companies are unlikely to achieve leadership in a total market, so they need to aim for leadership in a segment or distribution channel. By focusing, they can achieve competitive production and marketing costs, and become the preferred choice of buyers in a specific segment.

➤ Bases for segmentation

Unfortunately, segmentation is an art rather than a science. The task to segment a market is to find the variable or variables, which split the market into actionable segments. The one which is going to buy a new boat will have to make intelligent choices. Variables like money, style, size, quality, luxury, brand, utility among others, will help the customers to decide which boat they want to buy. And these variables, which show the different customers needs and the benefits that give to the owners of the yachts, will help to find out the different segments of this megayacht market.

Segmentation variables are of two types: needs and profilers. Customer needs are the basic criteria for segmenting a market. Segments must be made up of customers whose needs are homogeneous- who are seeking the same benefits-and so are likely to respond similarly to a particular marketing offer and strategy. The second type of segmentation



variables are profilers. These are descriptive, measurable customer characteristics such as industry, geographic location, nationality, age and income. In general, these variables are complementary to each other. The profiles or customer characteristics are useful for the marketers, in this case, for Nevesbu, to know who these people are; who will be their clients.

So, because market consists of buyers, and buyers differ in their wants, purchasing power, geographical locations, buying attitudes, and their buying practices, any of these variables can be used to segment a market too.

Each buyer is potentially a separate market because unique needs and wants. A seller might design a separate product and/ or marketing program for each buyer.

Consumer and industrial markets generally differ in their sets of need and profiler variables. For this reason I have decided to split the megayacht market, the one I am studying, into two parts: Consumer market and Business market, and for each one I will search different segments.

➤ **Consumer Market Segments**

The Consumer Market is the one in where some businesses sell their products directly to the consumer, the person who gets benefit from the product that he is going to buy. In the case I am working with, the megayacht industry, these people will be the owners of the yachts. These are Nevesbu's potential consumers, the ones that I have to know in order to be able to make segments among them.

A basis for segmentation is a factor that varies among groups within a market, but that is consistent within groups. One can identify four primary bases on which to segment a consumer market:

- **Geographic segmentation** is based on regional variables such as region, climate, population density, and population growth rate.
- **Demographic segmentation** is based on variables such as age, gender, ethnicity, education, occupation, income, and family status.
- **Psychographic segmentation** is based on variables such as values, attitudes, and lifestyle.
- **Behavioural segmentation** is based on variables such as usage rates and patterns, price sensitivity, brand loyalty, and benefits sought.



➤ Business Market Segments

While many of the consumer market segmentation bases can be applied to businesses and organizations, the different nature of business markets often leads to segmentation on the following bases:

- **Geographic segmentation-** based on regional variables such as customer concentration, regional industrial growth rate, and international macroeconomic factors.
- **Customer type-** based on factors such as the size of the organizations, its industry, position in the value chain, etc...
- **Buyer behaviour-** based on factors such as loyalty to suppliers, usage patterns, and order size.

2.3.2. Target Marketing

Market segmentation reveals the market-segment opportunities facing the firm. The firm has now to evaluate the various segment and decide how many and which one to target.

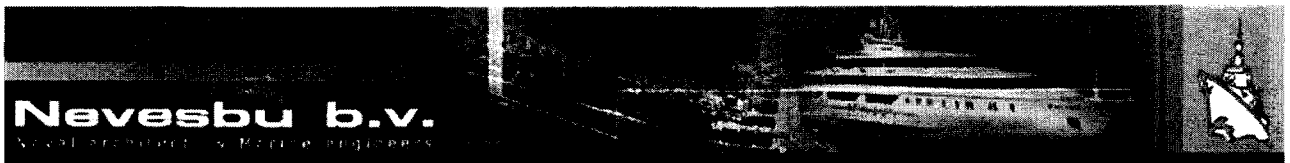
In evaluating different market segments, the firm must look at two factors: the segment's overall attractiveness, and the company's objectives and resources. First, the firm must ask whether a potential segment has the characteristics that make it generally attractive, such as size, growth, profitability, scale economies, and low risk. Second, the firm must consider whether investing in the segment make sense given the firm's objectives and resources. Some attractive segments could be dismissed because they do not mesh with the company's long-term objectives; some should be dismissed if the company lacks one or more of the competencies needed to offer superior value.

Having evaluated different segments, the company can start target market selection.

2.3.3. Market Positioning

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind. The end result of positioning is the successful creation of a market-focused *value proposition*, a cogent reason why the target market should buy the product.

Each company, in this case Nevesbu, must decide how many ideas (e.g., benefits, features) to stress in its positioning. They should have one consistent positioning message. Each brand is touted as "number one" on a particular attribute, such as "best



quality", "best service", "lowest price", or "most advanced technology". If a company hammers away at one positioning and delivers on it, it will probably be best known and recalled for this strength.

It's advisable that the company develop a positioning strategy. It has to components:

- The first describes what target markets the business is going to serve. Because different market segments have radically different customers wants, competitors and price expectations, it is usually necessary to choose a focus. (This is target marketing)
- The second aspect of positioning strategy is the determination of what the business's differential advantage should be- how it can get target customers to prefer it to competitors. The requirements of the differential advantage are two. First, it must offer an advantage that customer will truly value. The customer audit should have highlighted this dimension as a critical choice of factor. Second, it must differentiate the business in the eyes of the customer. It should fit to the customers.

Once these steps have been done, the company can decide the image that they want to have in the clients' mind.

Then, when the company has developed a clear positioning, it must communicate that positioning through all facets of the marketing mix and manage it through every point of contact.

The marketing mix is the set of marketing decisions that management make to implement their positioning strategy and achieve its objectives. These have been popularly been termed four Ps: product, price, promotion and place (i.e. distribution). Nowadays most managers would add two more decisions: services and staff.

I won't deep in it because due to the time that I have to do this report. Nevertheless, I have considered mentioning it since these are decisions that Nevesbu will have to carry out. It's important that they think about it.

2.3.4. Marketing Planning

Strategic market planning is concerned with adapting the organization to a changing environment. Organizations succeed when they meet the needs of the customers better than competitors. The problem is that the needs of customers change and competitors generally get better. As a result, successful companies decline if they do not continually change and adapt. To maintain success organizations must have strategies to reposition themselves in the market, to move into new markets and to develop new products.

In order to get that, the firms must follow several steps: analyses the marketing opportunities, research and selecting target markets, design marketing strategies in order to positioning themselves, and then planning marketing programs.

Once the company has decided on its product position, they have to plan how they are going to serve the segment that it has decided to target, (develop marketing plan for each segment), and develop a marketing organization.

Basic decisions on marketing expenditures, marketing mix, and marketing allocations of the product must be taken.

2.4. *Five Forces*

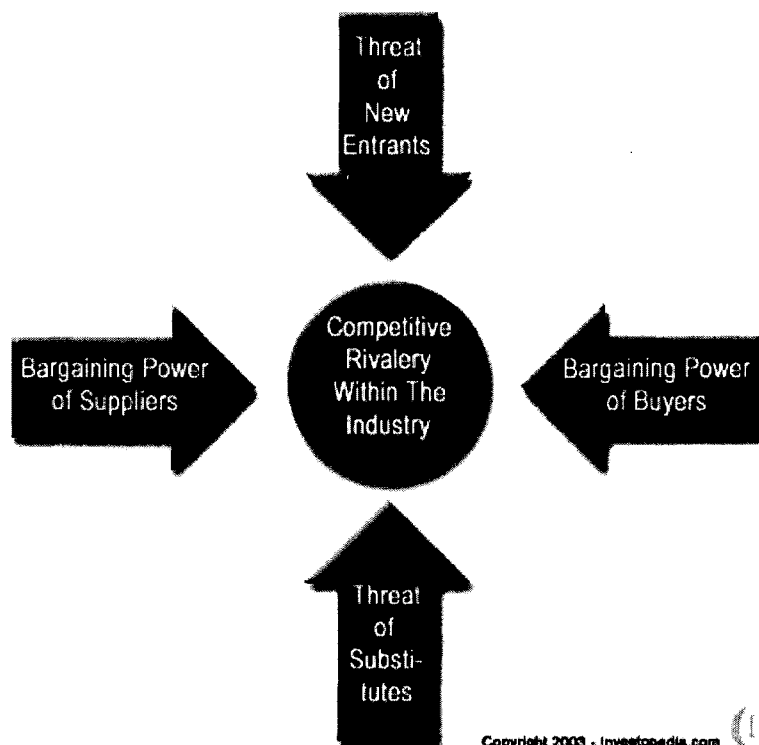
Porter identified five competitive forces that shape every single industry and market. These forces help us to analyze everything from the intensity of competition to the profitability and attractiveness of an industry.

The logic behind the model is that by being aware of all the drivers in an industry, the strategic business manager can develop a competitive edge over rival firms and can use this model to better understand the industry context in which the firm operates and competes.

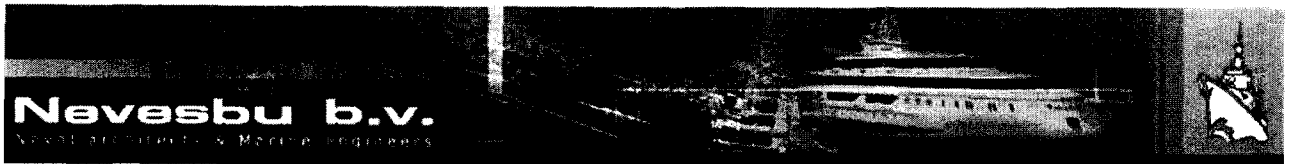
The 5 Forces driving competition are:

- Potential Entrants**
- Buyers**
- Substitutes**
- Suppliers**
- Industry Rivalry**

The following image shows the relationship between the different competitive forces:



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2.4.1. Competitive Rivalry

This force describes the intensity of competition among existing firms in an industry. The structural determinants of the degree of rivalry present in an industry are numerous:

- **One set of conditions concerns the number and relative size of competitors.** The more concentrated the industry, the more likely competitors will recognize their mutual interdependence and so will restrain their rivalry. If, in contrast, the industry includes many small players, each will be apt to think that its effects on others will go unnoticed and so will be tempted to grab additional market share, thereby disrupting the market. For similar reasons, the presence of one dominant competitor rather than a set of equally balanced competitors may lessen rivalry: the dominant player may be able to set industry prices and discipline defectors, while equally sized players may try to outdo one another to gain an advantage.
- **A second set of structural attributes that influence rivalry is more closely related to the industry's basic conditions.** High fixed costs, excess capacity, slow growth, and lack of product differentiation all increase the degree of rivalry.
- **Finally, the degree of rivalry also has behavioural determinants.** If competitors are diverse, attach high strategic value to their positions in an industry, or face high exit barriers, they are more likely to compete aggressively.

Highly competitive industries generally earn low returns because the cost of competition is high.

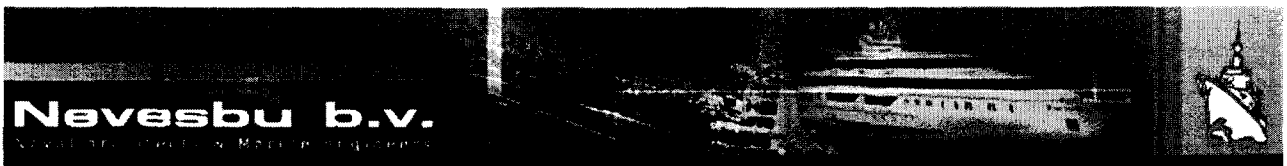
As a resume, highly competitive market might result from:

- Many players of about the same size, no dominant firm.
- Little differentiation between competitors' products and services.
- A mature industry with very little growth. Companies can only grow by stealing customers away from competitors.

2.4.2. Threat of Substitutes

What is the likelihood that someone will switch to a competitive product or service? The threat of substitutes pose to an industry's profitability depends on the relative price-to-performance ratios of different types of products or services to which customers can turn to satisfy the same basic need. The threat of substitution is also affected by switching costs- that is, the cost in areas such as retraining, retooling, or redesign that are incurred when a customer switches to a different type of product or service. If the cost of switching is low, then this poses to be a serious threat.

It is worth to emphasizing that any analysis of the threat of substitution must look broadly at all products that perform similar functions for customers, not just physically similar products.



Here are others few factors that can affect the threat of substitutes:

- The main issue is the similarity of substitutes.
- If substitutes are similar, then it can be viewed in the same light as a new entrant.
- Buyer propensity to substitute.

2.4.3. Power of Buyers

This is how much pressure customers can place on a business. If one customer has a large enough impact to affect a company's margins and volumes, then they hold substantial power. It allows customers to squeeze industry margins by compelling competitors to either reduce prices or increase the level of service offered without recompense.

Here are a few reasons that customers might have power:

- Small number of buyers
- Purchases of large volumes
- Buyer information
- Switching to another (competitive) product is simple
- The product is not extremely important to the buyer; they can do without it for a period of time.
- Customers are price sensitive

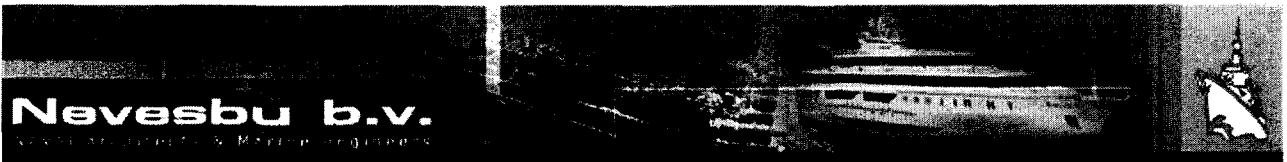
Probably the most important determinants of buyer power are the size and the concentration of customers.

Buyer bargaining power can obviously be offset in situations in which competitors are themselves concentrated or differentiated.

To explain why buyers do or do not have the incentive to use their inherit power we must look at another, more behavioural set of conditions.

One of the most important factors in this regard is the share of the purchasing industry's cost accounted for by the products in question. Purchasing decisions naturally focus on larger-cost items first.

Another important factor is the "risk of failure" associated with a product's use. Sometimes the customers often lack enough information to evaluate competing products and take into account the high personal cost of any substitute's failure. As a result, high-priced brands have been able to retain significant shares in many products categories even after satisfactory generic substitutes have reached the market.



2.4.4. Power of Suppliers

This is how much pressure suppliers can place on a business. If one supplier has a large enough impact to affect a company's margins and volumes, then they hold substantial power.

Supplier power is the mirror image of buyer power. As a result, the analysis of supplier power typically focuses first on the relative size and concentration of suppliers relative to industry participants and second on the degree of differentiation in the inputs supplied. The ability to charge customers different prices in line with differences in the value created for each of those buyers usually indicates that the market is characterized by high supplier power (and low buyer power).

Here are a few reasons that suppliers might have power:

- There are very few suppliers of a particular product
- There are no substitutes
- Switching to another (competitive) product is very costly
- The product is extremely important to the buyer; they can not do without it
- The supplying industry has a higher profitability than the buying industry

2.4.5. Threat of New Entrants

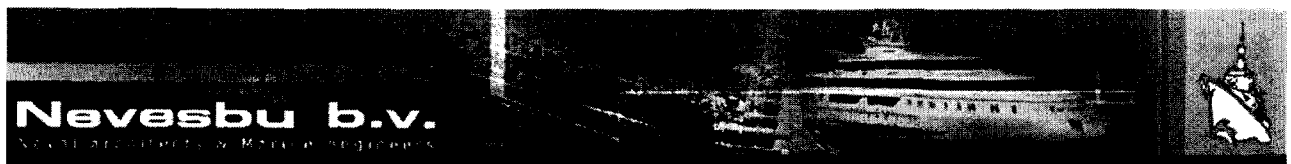
It is not only incumbent rivals that pose a threat to firms in an industry. The possibility that new firms may enter the industry may also affect competition. In theory, any firm should be able to enter and exit a market, and if free entry and exit exists, then profits always should be nominal. In reality, however, industries possess characteristics that protect the high profit levels of firms in the market and inhibit additional rivals from entering the market. These are barriers to enter.

Average industry profitability is influenced by both potential and existing competitors. The key concept in analyzing the threat of entry is entry barriers, which have to prevent an influx of firms into an industry whenever profits, adjusted for the cost of capital, rise above zero. In contrast, entry barriers exist whenever it is difficult or not economically feasible for an outsider to replicate the incumbent positions.

The easier it is for new companies to enter the industry, the more cutthroat competition there will be. Factors that can limit the threat of new entrants are known as barriers to entry.

Some examples include:

- Existing loyalty to major brands
- Economies of scale
- Capital requirements
- Incentives for using a particular buyer (such as frequent shopper programs)
- High fixed costs
- Scarcity of resources



- High costs of switching companies
- Government restrictions or legislation

Some barriers reflect intrinsic physical or legal obstacles to entry. The most common forms of entry barriers, however, are usually the scale and the investment required to enter an industry as an efficient competitor. For example, when incumbent firms have well-established brand names and clearly differentiated products, a potential entrant may find it uneconomical to undertake the marketing campaign necessary to introduce its own products effectively. The magnitude of the required expenditures may be only part of the entrant's problem in such situation: it may take years for the firm to build a reputation for product quality, no matter how large its initial advertising campaign is

2.5. The Role of Marketing in Leading Strategic Management

In order for strategic management to cope with the changing marketing environment there is a need for it to become increasingly market led. In taking a leading role in the development and the implementation of strategy, the role of marketing can be defined. It is threefold.

2.5.1. Identification of customer requirements

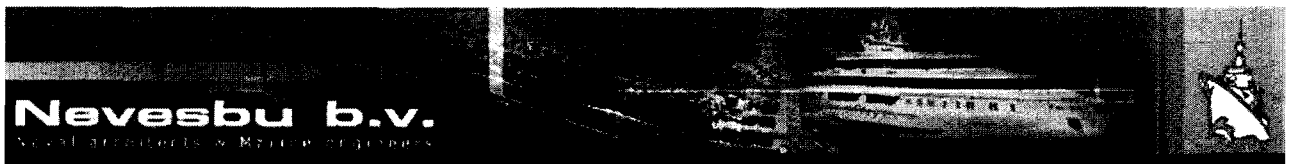
The first critical task of marketing is to identify the requirements of customers and to communicate them effectively throughout the organisation. This involves conducting or commissioning relevant customer research to uncover, first, who the customers are, and second, what will them give satisfaction. I have been trying to do this megayachts industry.

Customers expectations, wants and needs must all be understood and clearly communicated to those responsible for designing the product or service in the first place, those responsible for creating or producing and for delivering it. So, in the process of building a yacht, since the design until the launched, everybody who participate in this business must have in their minds what the requirements of the customers are in every moment.

The marketing concept states that a business is most likely to achieve its goals when it organizes itself to meet the current and potential needs of customers more effectively than competitors.

A market is a group of potential customers with similar needs.

Once a company has defined its market in terms of customers, it must thoroughly research their needs.



Customers expect all products and services to be safe and reliable- choice is now based on the additional features and services that competitors offer. The task are to determine what benefits are most valued and then to train and motivate staff to provide them and to monitoring on going performance against these criteria. That is what Nevesbu will have to put most of their effort in.

Once the customer's needs are known, the company can then develop the range of products and services to meet them.

The marketing concept requires more than being able to meet customers' needs- it requires meeting them better than competitors. Customers choose those suppliers, which offer the best value. If our company does not have a competitive advantage, it will loose market share and won't be able to enter in the market with new products.

It follows that companies must not only systematically monitor the level of customer satisfaction with their business, but also measure this against competitors.

The key to be successful is being the preferred choice of customers- and that being the preferred choice means finding out what customers want, producing the quality solutions and delivering them to customers better than any competitor.

This section corresponds to the first step in the marketing decisions taken, which is *market segmentation*, because segmentation consists in that: "identification customers' requirements". I have already talked about that.

2.5.2. Deciding on the competitive positioning to be adopted

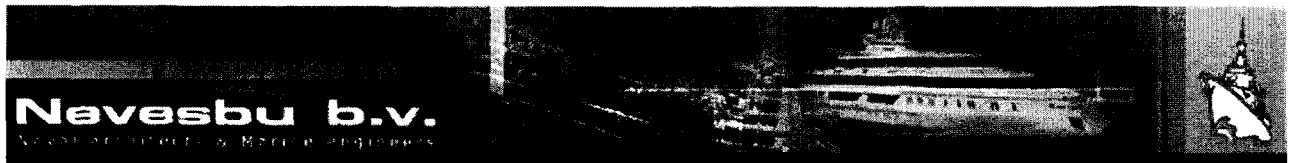
Recognising that markets are heterogeneous and typically made up of various market segments, each having different requirements from essentially similar offerings, leads to the need to decide clearly which target market or markets the company Nevesbu will seek to serve.

This decision is made on the basis of two main sets of factors: first how attractive the alternative potential targets are; and second, how well the company can hope to serve each potential target relative to the competition- in other words, the relative strengths or competencies it can bring into play in serving the market.

Target marketing help sellers identify market opportunities better. The sellers can develop the right offer for each target market. They can adjust their prices, distribution channels, and advertising to reach the target market efficiently. Instead of scattering their markets efforts ("a shotgun" approach), they focus on the buyers whom they have the greatest chance of satisfying ("a rifle" approach)

2.5.3. Implementing the marketing strategy

Finally, the third key task of marketing is to marshal all the relevant organisational resources to plan and execute the delivery of customers satisfaction.



These three key task has been taking into account along the report. Now it's time to implement the marketing strategy.

2.6. Strategy

2.6.1. Introduction

The key goal of formulating a strategy is to give an organization a competitive advantage—something that sets it apart and gives it a competitive edge. Some analysts believe that we live in an age of hyper competition. This means that the competition among competing firms is very intense and getting more so. Hyper competition ensures that no organization's competitive advantage will last for long. All competitors must constantly seek to find new ways to add value for the customer.

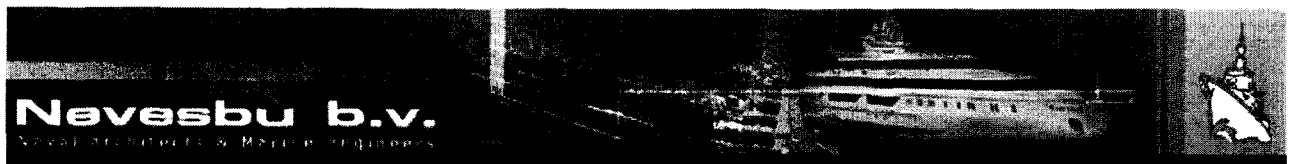
Who are an organization's competitors? It is critical for strategic managers to answer this question correctly. A wrong answer almost guarantees that the wrong strategy will be developed. A firm within an industry seldom competes with all other firms in its industry. In most industries, two or more clusters, or groups, of firms can be identified by the types of markets they serve. The firms within each group compete most closely with each other, and do not compete heavily with firms outside their group. All firms do, however, need to remain vigilant for an attack from a firm in another group whose managers may decide to invade new turf. Managers in any firm may decide to broaden their market to include another group's customers. They may pick a firm they believe is weakest to attack.

Competitive strategy is the choice of how an organization or business unit is going to compete in its particular industry or market. By far the best known and most used set of competitive strategies are Michael Porter's Generic Strategies.

If the primary determinant of a firm's profitability is the attractiveness of the industry in which it operates, an important secondary determinant is its positioning within that industry. Even though an industry may have below-average profitability, a firm that is optimally positioned can generate superior returns.

A firm positions itself by leveraging its strengths. Michael Porter has argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either a broad or a narrow scope, three generic strategies result: Cost leadership, Differentiation, and Focus. These strategies are applied at the business unit level.

Another leading strategist was Igor Ansoff. Ansoff suggested that a company should first ask whether a new product had a "common thread" with its existing products. He defined the common thread as a firm's "mission" or its commitment to exploit an existing need in the market as a whole. According to Ansoff, "sometimes the customer is erroneously identified as the common thread of a firm's business. In reality a given type of customer will frequently have a range of unrelated product missions or needs". To enable a firm to maintain its strategic focus, Ansoff suggested four categories for



defining the common thread in its business/ corporate strategy: Market penetration, Product development, Market development and Diversification.

I will study both, Porter's and Ansoff's strategies in order to give to the company Nevesbu more possible options to choose the strategy that they would like to develop.

2.6.2. Porter's Strategies

As I have exposed before, Michael Porter sees three ways in which a firm can gain a competitive advantage. He calls these generic strategies because they can be applied to a firm in any industry. A cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offer its products or services to a broad market at the lowest prices. A firm that uses a differentiation strategy is one that tries to offer products or services with unique features that customer's value. The value added by the uniqueness lets the firm command a premium price. The focus strategy can be either a cost leadership or differentiation strategy aimed toward a narrow, focused market. We now have four different strategies that we can model as follows in the next table, which illustrates Porter's generic strategies:

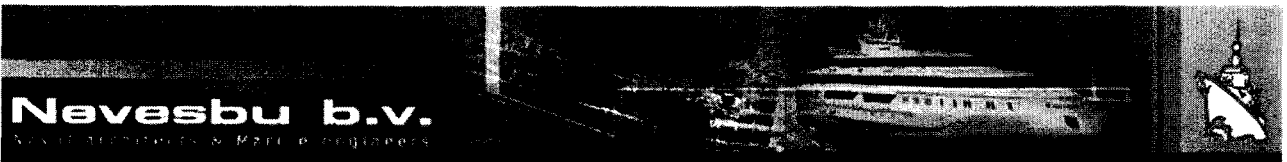
Target Scope	Advantage	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

Neither of these strategies is inherently good or bad. Strategists must examine the results of the SWOT analysis to determine which one is best for the firm.

SWOT is an acronym that comes to be referred to the next framework: matching a company's "strengths" and "weakness" - its distinctive competence- with the "opportunities" and "threats" (or risks) that it faced in the market place.

➤ **COST LEADERSHIP STRATEGY**

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competitors suffer losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market.



Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Firms that succeed in cost leadership often have the following internal strengths:

- Access to the capital required to make a significant investment in production assets; this investment represents a barrier to enter that many firms may not overcome.
- Skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process.
- High level of expertise in manufacturing process engineering.
- Efficient distribution channels.

Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share.

I resume this strategy in the next three points:

1. Characteristics:

- Low level of differentiation
- Aim for average customer
- Uses knowledge gained from production to lower production costs
- Add new product features only after the market demands them.

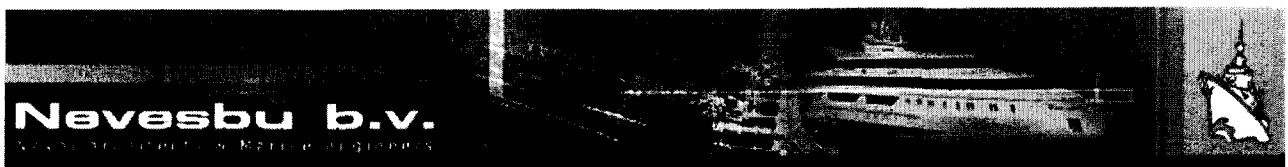
2. Advantages:

- Cost advantage protects from new entrants.
- Can reduce price to protect from new entrants

3. Risks:

- Competitors may leapfrog the technology, nullifying the firm's accumulated cost reductions.
- Competitors may imitate the technology you are using to reduce costs.

Another very important risk in deciding to use a low price is that the yard could not be able to finish the project because it needs more money to build the yacht.



➤ **DIFFERENTIATION STRATEGY**

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Firms that succeed in differentiation strategy often have the following internal strengths:

- Access to leading scientific research.
- Highly skilled and creative product development team.
- Strong sales team with the ability to successfully communicate the perceived strengths of the product.
- Corporate reputation for quality and innovation.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their markets segments.

This strategy can be resumed in the next three points:

1. *Characteristics:*

- Key is perceived quality (whether real or not).
- Actual product quality
- Service after sale

2. *Advantages:*

Perceived quality and brand loyalty insulate company from threats from any of the five forces:

- Price increases from powerful suppliers can be passed on to customers that are willing to pay.
- Buyers have only one source of supply.
- Brand loyalty protects from substitutes.
- Brand loyalty is a barrier to new entrants.

3. *Risks:*

- Imitations are more of a threat today because of production technology.
- How long can the firm sustain a particular differentiation advantage? The "shelf life" for such advantages is getting shorter and shorter.
- How high can the managers raise the firm's price before customers will be willing to switch?
- Customer tastes may change and wipe out competitive advantage.



➤ ***FOCUS (COST OR DIFFERENTIATION) STRATEGY***

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

This strategy can be resumed in the next points:

1. Advantages:

- Power over buyers since focuser may be only source of supply.
- Customer loyalty protects from new entrants and substitute products.
- Easier to stay close to customer and monitor his needs.

2. Risks:

- The firm may be at mercy of powerful suppliers since focuser buys in small quantities.
- Small volume means higher production costs (this is why it is important to be able to command a high price).
- Change in consumer tastes or a technological change could cause a focuser's niche to disappear.

Cost leaders or big differentiators may produce products that satisfy customers' needs. The focuser is subject to constant attack.

A combination of generic strategies

- Stuck in the middle?

These generic are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the firm would risk projecting a confusing image.



For this reason, Michael Porter argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be “stuck in the middle” and will not achieve a competitive advantage.

Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a corporation is less likely to become “stuck in the middle”.

However, there exists a viewpoint that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

2.6.3. The model of Ansoff

The Ansoff Growth matrix is a tool that helps businesses to decide their product and market growth strategy.

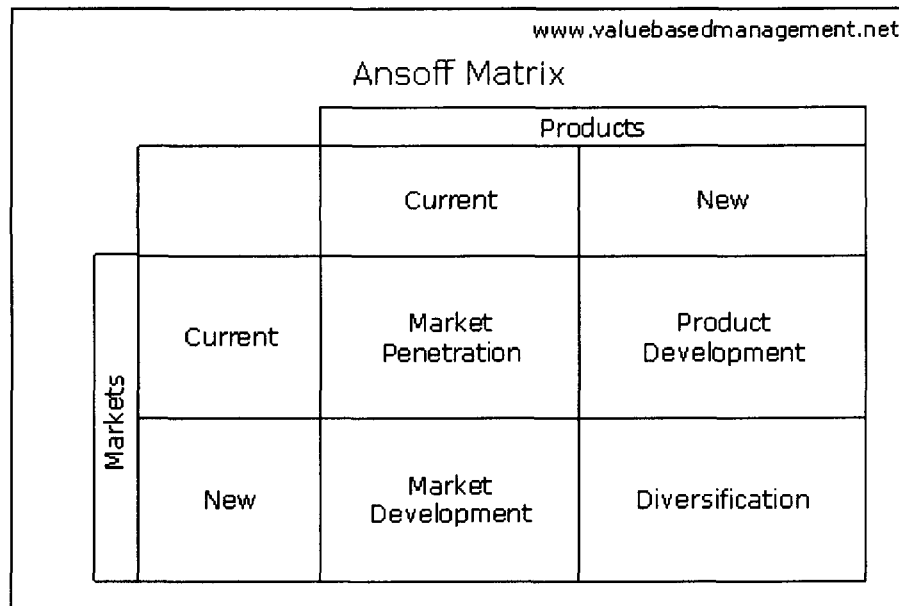
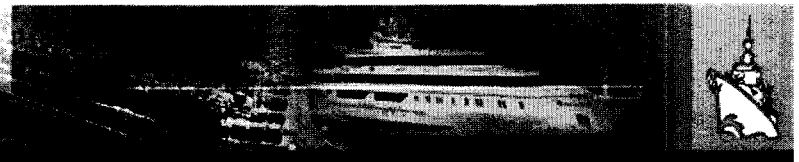
Ansoff's product/market growth matrix suggests that a business' attempts to grow depend on whether it markets **new or existing products** in **new or existing markets**.

The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy.

The product/market growth matrix of Ansoff has two dimensions: products and markets.

Over these 2 dimensions, four growth strategies can be formed:

- Market penetration,
- Market development,
- Product development, and
- Diversification.



➤ Market Penetration

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets.

Company strategies based on market penetration normally focus on changing incidental clients to regular clients and regular client into heavy clients. Typical systems are volume discounts, bonus cards and customer relationship management.

Market penetration seeks to achieve four main objectives:

- Maintain or increase the market share of current products- this can be achieved by a combination of pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling.
- Secure dominance of growth markets.
- Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.
- Increase usage by existing products- for example by introducing loyalty schemes.

A market penetration strategy is very much about “business as usual”. The business is focusing on markets and products it knows well. It’s likely to have good information on competitors and on customers needs. It’s unlikely, therefore, that this strategy will require much investment in new market research.



➤ **Market Development**

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets.

There are many possible ways of approaching this strategy, including:

- New geographical markets; for example exporting the product to a new country.
- New product dimensions or packaging, for example.
- New distribution channels.
- Different pricing policies to attract different customers or create new market segments.

Company strategies based on market development often try to lure clients away from competitors or introduce existing products in foreign markets or introduce new brand names in a market.

➤ **Product Development**

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competences and requires the business to develop modified products which can appeal to existing markets.

Company strategies based on product development often try to sell other products to (regular) clients. This can be accessories, add-ons, or completely new products. Often existing communication channels are leveraged.

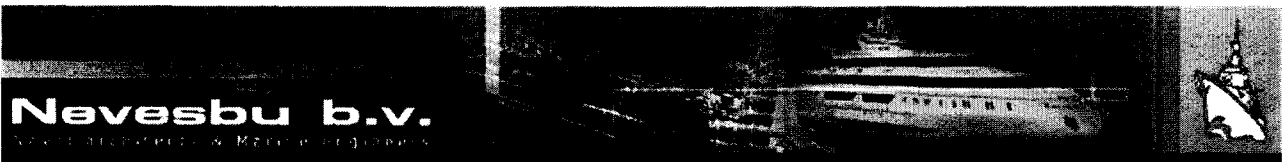
➤ **Diversification**

Diversification is the name given to the growth strategy where a business markets new products in new markets.

Company strategies based on diversification are the most risky type of strategies. Often there is a credibility focus in the communication to explain why the company enters new markets with new products.

This 4th quadrant (diversification) of the product/market matrix of Ansoff can be further split up in four types:

- Horizontal diversification: this involves moving “downstream” to acquire operations previously undertaken by third parties such as wholesales or retailers.
- Vertical diversification: here the company moves “upstream” to take over functions previously done by suppliers.
- Concentric diversification: here the firms look for new products or new markets which have synergies with its existing products or markets. The new activities can then lead to lower costs or enhanced marketing effectiveness.



- Conglomerate diversification: This occurs when the products or markets have no relationships with the current products, technology or markets. This is likely to be the most risky form of diversification.

A business which adopts a diversification strategy must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risk.

Although already decennial old, the **product/market grid of Ansoff** remains a valuable model for communication around business unit strategy processes and business growth.

3. MEGAYACHT MARKET DEVELOPMENT

The company Nevesbu must undertake a comprehensive assessment of its competitive environment. Customers' needs and the technologies for meeting them will change in the years ahead. The trajectory of changes in the market and the company's environment, determine whether the thrust of their product and marketing efforts looks right for the world they are moving into.

3.1. *Introduction*

The super-yacht industry is unique. There is no other comparable industry. This worldwide market of mega-yachts is a complex and dynamic area, where naval architects, captains, yacht brokers, shipyards, designers and stylists play an important role in the realization of a contract between a new yacht owner and a building shipyard. Understanding which role each part play in this industry and understand how this complex market goes on will be one of the main intention for this project and in what I will focus all my efforts.

First of all, in order to understand what I am talking about I will define what we should have in our minds when we talk about either a yacht or a megayacht.

What is a yacht?

People who are involved in this industry know what I am talking about, but if I ask anyone uninvolved with the business, they will invariably answer: "a boat use for pleasure that has a mast and a sail". This is not only the perception of the man in the street, but also of the many authorities that often have to deal with yachts. The US Coastguards, by the way, refers to yachts as recreational vessels.



What is a megayacht?

Many people are not too sure what “mega” yachts are. A superyacht, megayacht, luxury yacht are all the same thing. In Europe it is more common to call these vessels Superyachts and in the States they are more commonly known as Megayachts.

A megayacht can be either a motor or a sailing yacht. In order to be classed as super they are usually over 24m in length and can reach up to 110m, sometimes more. They are built to a high standard for personal use or private charter. These yachts are more commonly owned by individuals and cost anything from between \$1 000 000 (small and second hand) to \$50 000 000, (big and very new).

Megayachts are found on every ocean and every sea all over the world but they are concentrated in some parts more than others.

Once I have defined what a megayacht is, I will explain how this market works, what is this market, which parts or sectors we can find in it, etc.

What is the megayacht industry?

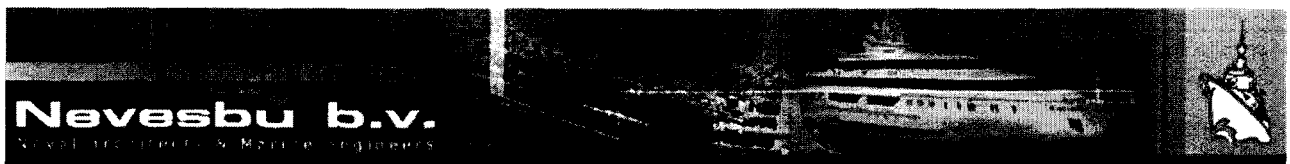
The megayacht industry is one sector of the marine industry. All other sectors of this industry- such as commercial shipping, cargo vessels, tankers, cruise ships, fishing vessels and the like- have to operate 24 hours a day, seven days a week and 365 days a year to earn their keep. Any time spent idle in port is money lost, particularly if a crew is still employed. This sector of the industry is fully regulated and has a considerable number of professional organizations and associations dealing with its welfare and future development.

In the yachting sector, the majority of large yachts spend most of their lives tied up in port with a fully paid crew on board. When they venture out with their owners and guest or charters they do operate round the clock but only for a few months in a year. There are a handful of large yachts that spend a great deal of time at sea exploring the far corners of the world but they are a minority.

The majority of yachts less than 30 meters nowadays are production line vessels as opposed to individually built ‘custom’ or semi production line vessels. There are also many converted tugs, naval patrol boats and the like being used as yachts. It is important to know just what yachts we are talking about in this industry.

An even more important factor, however, is to know what service the vessel is being used for private, charters, etc...

The MCA (the code of practice for safety of large commercial sailing and motor vessels) bases its regulations on the criteria as well as tonnage. However, there is bound to be confusion in certain areas such as charter yachts and small passenger carrying cruise vessels. As an example, a recently launched 89,5 meters vessel built specifically for charter is described as a yacht while another of 82,6 meters built for the same purpose is described as a passenger vessel. Although the former is for private charter



only, the second normally charters on a cabin basis but is also available for private charter.

Market information is vital for any business to understand their positioning and status, plus it provides newcomers to this burgeoning business a better handle on market size and growth.

The mega-yacht market is a growing market, despite of the worldwide economic recession, and it tends to building larger yachts with lengths over 100-120 meters, and building yachts with more complex and high-advanced systems onboard.

3.2. What is our market?

The megayacht is a very complex area. The principal function of this market is to build and sell yachts in order to earn money. But this doesn't stop here. Since the moment a yacht is launched, a new business starts in that moment. You can find in it two very important parts:

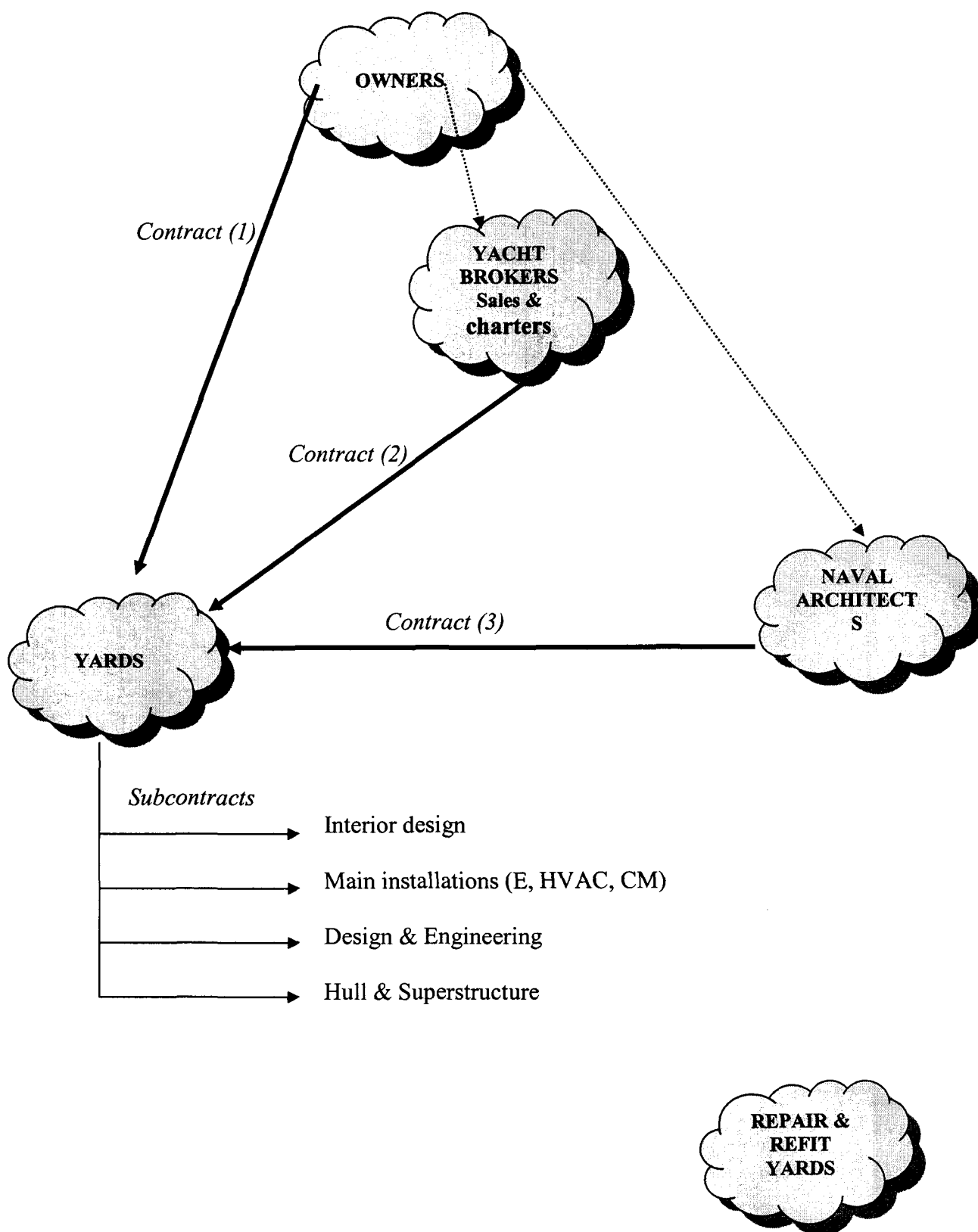
- *The refit and repair sector:* There are shipyards specialize in it, and when a yacht needs to be revised, repaired, or simple the owner of this yacht wants to change it in something(for example, is very common nowadays make the yacht longer), all these things are possible to be done in these kind of yards.
- *The second hand market:* This is a sector in where all the second hand yachts are resold or used for chartering.

I will focus my study in the process of building and selling yachts. I won't deep in the second hand market for two reasons: the company Nevesbu doesn't have the intention of entering in this area and their products don't fit in this market. I will take into account the refit and repair sector too because, although Nevesbu haven't worked for the refit and repair yards until so far, there could be some work for them in this sector. So, I will focus my study in the area in where Nevesbu is in this moment working and in where they have possibilities to enter with new products.

3.3. Main parties of our market

I can find different parties which participate in the process of building and selling yachts.

The most significant ones and the connection between them are shown in the next graphic:





3.3.1. The Yards

The yard is the place where the yacht is build. There are some yards which cover refit and repair besides building facilities.

Normally, every yard has his own group of naval architects and designers and even interior designers and exterior stylist. In case they don't have them, they sign a contract with them.

The yards sign contracts with the owners and brokers (in case they participate in the sold of the yacht) too.

There are different ways of starting a project:

- 1) The owner goes directly to them and they select the appropriate designer. The yard helps the owner to find out the megayacht of his dreams.
- 2) The owner has very clear what he wants. He has his own designer and wants the shipyard's help to build the yacht.
- 3) Owner, broker, designer and surveyor make a team and go to the yard in order to build the yacht.

Many combinations can be made.

The yard will have to sign subcontracts with interior designers, specialist in main installations of the boat: electricity, air conditioner..., they will contract in some cases help for design & engineering works and the hull & superstructure develop, etc.

Not all the yards have facilities to build so big yachts.

A yard is a customer for Nevesbu (they have done detail engineering works for them), a possible competitor (yards design and make calculations for the yacht's project too), someone to whom they will have to sign a contract in order to build their design, etc.

3.3.2. The Naval Architects

This is the group to whom the company Nevesbu belongs. They usually offer services to private owners, shipyards, their suppliers and other naval architects and designers.

In the megayacht sector groups of independent naval architects or teams of these within a yard can be found.

Taking a look to Nevesbu's works, what I'll explain later, one can have an idea about what naval Architects do.

3.3.3. The Owners

This is one of the most important and difficult parts of a marketing report. Understanding who the customers and their needs and wants are.

Who are the owners?

The owners of this type of yachts are people who can afford paying too much money (we are talking about 2-30 million euros and up, only for buying the boat. The maintenance requires a big deal of money too).

They belong to the Uppers Uppers and Lower Uppers Social Class.

The Upper Uppers are the social elite who live on inherited wealth and have well-known families.

The Lower Uppers are persons who have earned high income or wealth through exceptional ability in the professions or business. They usually come from the middle class. They tend to be active in social and civic affairs and seek to buy the symbols of status for themselves and their children, such as expensive homes, schools, yachts, swimming pools and automobiles.

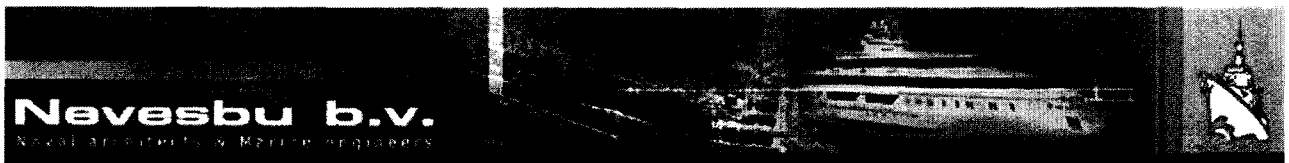
There are high numbers of people who would like to own a yacht of 10, 20, 30 or even \$100 million. Some can afford it but are worried about the cost of their investment and more on the running cost, which is unknown to them.

Owners' features

- There are some owners who buy a yacht only for the pleasure that this contribute to them. They love this business and getting involved in a very big project. They check how the yacht is built and every move made. Some times, before the yacht has been finally built, they are already involved in a more important project (a bigger boat, a more expensive one...).
- Some of them are like children; they make questions like how many people can sunbathe in the boat.
- Most of them are very difficult people. They are used to have all what they want.
- They have a lot of power.
- They have too much money to do what they want.
- They have very good lawyers.
- They like to be creative. Some of them don't like that you give them something done. They want to decide how their yachts will be. Do them for themselves, and be unique. It's different in the shorter market where the customers can take a look to a catalogue and decide which yacht they are going to buy. In this big size of yacht people like to be involved in the process of building their own yachts, and decide what they want to have. Sometimes they take some ideas from yachts that already exist and they would like to have a yacht similar to another one, but not equal.
- They are very impatient. They want to see their yachts finished as soon as possible.

Owners needs and wants

- These people want the latest technology in everything.
- Depending on the people's like, they prefer an interior or exterior design more modern or classic...
- Normally, when an owner of a yacht wants to sell it is because he wants to buy a new one (it's usually bigger and better).
- They want yachts that make them different from other people.



- Sometimes they have their ideas about what they want very clear (designer, builder...). Other times, they ask for some help to brokers to get in touch with different yards, designers, naval architects...
- Some owners want a yacht from where they can control their business. They live between the yacht and their houses, and want a yacht equipped for that.
- Other owners use their yachts only for making parties for their own pleasure. They don't make large cruising. They go by helicopter to the place where the yacht is.
- Most of the owners want a well known name builder. Brand loyalty exists in this market.
- They want a yacht that is unique; this means that nobody in the world has a yacht like theirs.
- They have different needs in the number of cabins, the need of have a pool or not...
- They want perfection, quality, everything must be the best.
- They want the latest equipment, innovations and style.
- Some of them want a yacht that they can use for chartering.

As a resume, there are lots of different owners with different needs. All of them have money, know-how (if they don't have it they buy it), and a lot of power.

Representatives of owners

Normally, the owners of this type of yachts have a representative. This person is the one who contact to the naval architect, the builder, the broker..., in definitive, to the person whom will help the owner to get a megayacht.

Captains: The captains are asset managers. Some of them have budgets of a million dollars. Most of them make more than \$100,000 a year. Owners rely heavily on their judgment and expertise. The captain is in charge of the yacht and everybody answers to him. They are people very important to take into account because they know very well their owners and what they like or dislike about their yachts.

Many times captains become owners' representatives.

3.3.4. The Yacht Brokers

The brokers are key men because they know when someone is going to buy or sell a yacht. They are directly in touch with the owners or their representative and have a lot of information about them, their needs, their likes, dislikes...which is very important to know if you want to have success in this business.

The yacht brokers are people who are in charge of intermediate between sellers and buyers. A seller can be an owner of a yacht that wants to sell it. So, this is the second hand market. People who own yachts and want to sell them (normally they sell their yachts because they want to buy another one). Another seller could be a designer who



wants the help of a yacht broker in order to get in touch with a potential buyer, a yard who wants that help too, etc.

The other role that a broker plays is chartering yachts. They usually have a list of yachts for charter and they intermediate between the owner of the yachts and the one who is going to charter a yacht. Chartering is very expensive. Only famous people, football players, singers..., in other words, people with very high income can afford it.

Normally, the brokers have projects of yachts to show their clients. These are projects that a designer, naval architect or a shipyard has given to him in order to they show to possible future owners of it. They are in touch with a lot of owners and this is the reason because they have more possibilities to show these projects to them.

There are some brokers who are only dedicated to sell second hand yachts or charter them and others that signed contracts with designers, naval architects or shipyards to help them to find future owners for their yachts projects. So they are dedicated to sell new yachts too.

The broker usually gets the 3-5 % of the money of the contract for building a yacht. Brokers don't work alone. They belong to Charter Agents. There are hundreds of agents around the world, over 600. However, the main agents that make the industry go around are not more than 3 dozen. These agents, and in particular the top 15 are the tools of the industry. Owners will buy a yacht from them and they will charter or sell it for them too. Well known agencies are Camper & Nicholson, Nigel Burgess, Fraser Yachts, Yachting Partners, Peter Insull, Edmiston, Cavendish White, Merle Wood & Associates, Flagship Yachts of Athens, etc.

The charter agents have their own association, MYBA- Mediterranean Yacht Broker Association, a prestigious and powerful force and a good working tool. This association creates the rules of the charter industry.

3.3.5. The Repair and Refit yards

There are some shipyards which are dedicated to refit and repair works too. This is a growing sector. Every time more owners are adapting their yachts to the latest technologies. There is a tendency of making yachts bigger and bigger.

3.4. *History of the megayachts*

The modern superyacht came of age in the late 1970s when satellite communications enabled owners to indulge in extended cruising. The economic climate was favorable and the wealthy were looking for new ways of spending their money. Publicity surrounding yachts such as Nabila and the new wave of designers helped too. The problem, however, has been that the industry has been incapable of regulating itself, with too many vested interests at stake and a head-in-the-sand attitude to the future. In



the 1980s the market was awash with rumors, stories of mal-practices, yards going bankrupt and owners ending up with a raw deal.

The industry in those early days was like a ship without a rudder. The situation gradually improved throughout the 1990s as owners became more knowledgeable and degree of professionalism from the leading players started to have a beneficial effect on the industry. It was inevitable that the authorities would become involved at some stage.

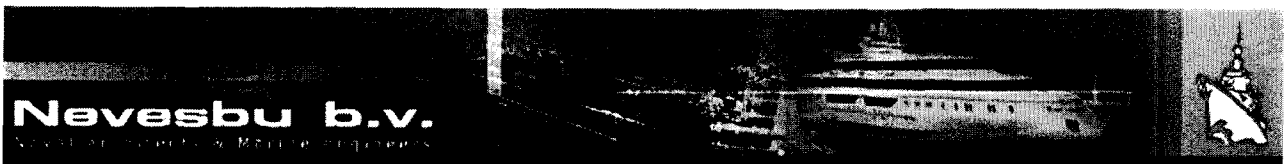
In today's superyacht industry, rules and regulations are now being strictly enforced by the MCA on certain yachts and crews. Standards are very high, now far exceeding those in the commercial shipping sector, with much emphasis on safety and security. There is still a long way to go, however, before these standards apply to all vessels and crews worldwide. What the industry still lacks is a central organization that will represent the interests of all sectors of the market, including owners, builders, brokers, port authorities, manufactures, suppliers and crews.

There are already a few organizations such as the MYBA and the PYA which does a very professional job in looking after their own particular sector of the market, but they do not and should not represent the industry as a whole. There is also the Super Yacht Society, based in the USA, which has attempted to represent the interest of a wide spectrum of the industry for some years now but has become sidetracking in becoming involved with handing out annual awards to a carefully chosen number of superyachts. It is also involved in the crew training aspect of the industry.

3.5. *What is likely to shape the industry in the future?*

The signs are that there will be many more clients for the new emerging economies entering the market initially as charters and eventually as owners. The Latin American countries of Mexico and the Dominican Republic have become prominent in the ownership stakes in recent years, while in Europe, both Turkey and Greece continue to purchase new yachts at a significant rate. Russia is also yielding a few new owners each year.

There has been a spate of new yacht purchases by Middle Eastern buyers in recent years, pointing to a revival in this market. However, it should be pointed out that many of these vessels have been replacements for older yachts. It is very important to remember that the USA is the number one market for superyachts and with her economy on the rise again we can expect to see many more new yachts being added to her fleet in the coming years. Although their own yacht yards have experienced a downturn in orders, Americans are now purchasing new builds from all the major European yards. The Europeans have really made inroads into the world's largest market in the last few years, a trend that is likely to be sustained in the future. The spread of super-yacht building to countries such as China and Russia could increase dramatically if their vessels are built to acceptable standards. The yachts on order in China are mostly being marketed in the United States, whilst the Russian yards are building for home consumption at present. Building costs are certainly going to be



attractive in these countries. Turkey continues to gain ground as her products improve, although she still has to make her presence felt across the Atlantic.

One can expect an increase in the number of multi-yachts ordered, in particular those in the sailing-yacht sector designed for charter work. Catamaran and wave-pierced motor yachts may have to bide their time, however, until there is a widespread acceptance of their undoubted benefits. Individually designed and spectacular vessels will continue to be built, but one can foresee the semi-custom yacht rapidly gaining in popularity. Expedition or explorer-type vessels will undoubtedly gain ground as they are now accepted as an alternative for the traditional type of motor yacht.

With regard to the future situation in the yacht-building sector, it is certain that many more mergers and acquisitions will be on the cards. Several of the smaller yards will disappear owing to their inability to compete on price with the large groups. It's also expected to see numerous mergers and acquisitions in other sectors of the industry. It has already been happening in the brokerage sector for the last few years.

In the future, we will be able to see a more defined list of principal yards in the market and it is these companies that will enjoy the prosperity- those which have modernised their facilities, expanded their capacity and improved their management structures. This is no longer a business where you can build a yacht in the middle of nowhere and get away with it. The market is all too aware of the pitfalls and disasters that have occurred over the past decade.

One must not lose sight of the fact that without owners this industry shouldn't exist. They have a much greater say in the way the whole business is run. The industry is currently being controlled by a few powerful companies. Many individual sectors of the industry need to form their own associations to ensure that they are moving ahead in the same direction.

3.6. *Analysis of the market*

The market splits into two segments: 24-30m and 30m plus.

I will be predominantly looking at the 30-m- plus segment, which is the starting point of the majority of full custom and semi-custom projects. The Nevesbu's design and their engineering works are made for this segment of the megayacht market.

The market that I am studying is the one in where yachts are built. If a yacht is built, naval architects and designers, yards, interior or exterior stylists, surveyors, etc, will have participated in this project. So, the analysis of the number of yachts built until now and the future projects in order, will reflect how the market goes

If you take a look to the past years megayachts market it shows some very interesting trends, especially when you look at the last three years, where the Order Book may look static, but deliveries have increased, clearly demonstrating market growth. The expected number of deliveries for the next twelve months should exceed 160 yachts. In order to



replace all these deliveries, and maintain growth, in 2004 it will be needed in excess of 161 orders minimum, so the industry will need to increase orders dramatically over the next twelve months. This is not a statement of pessimism, but one of reality, and it's worth noting that each year this industry has successfully increased deliveries with equivalent or greater numbers of order.

3.6.1. The order book

Taken a look to the Order Book since 1998, in the last three years you can see a plateau at around 290 projects in build, in the 30-m-plus segment, perhaps this relates to capacity. When you look back at the historical order book figures, where the 24-m-plus market has been included, you can see that steady growth is demonstrated.

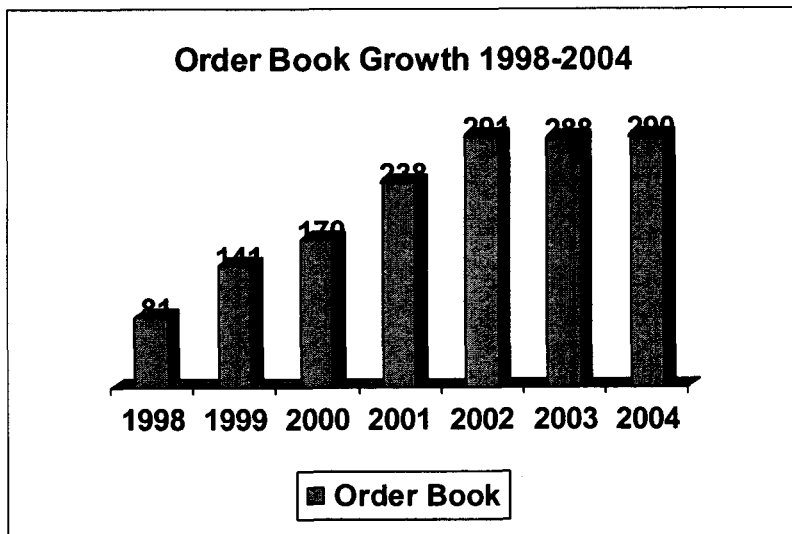
The 24-m-30-m orders have grown from 137 in 2001, through 176 orders in 2002 and 197 in 2003. Therefore we can witness not only a healthy sector, driven by the dominant production builders, but also a good platform for growth in the 30-m plus sector as these clients to larger yachts in the future.

In the 30-40-m sector, more builders are creating semi-custom projects. In this sector it's seen a growth of 17 projects year on year.

This figure shows that there are 290 projects under construction in these moments. I could give a little more information: there are 165 additional projects on order, but not yet in build, the majority of which are in the 30-40m segment. These are sometimes production projects that are part of the yards build program over the next few years and perhaps have no client as yet.

It's important to point out that is more valuable for the industry to work with figures related to yachts in build, rather than yachts on order, as the figures can vary hugely and provide a distorted view of the market's growth.

That is not to say that many of the orders that I have just identified will not become real projects. In fact, many new signings and projects are in negotiation, some in the 60m-plus sector and many more below the 45m size range.

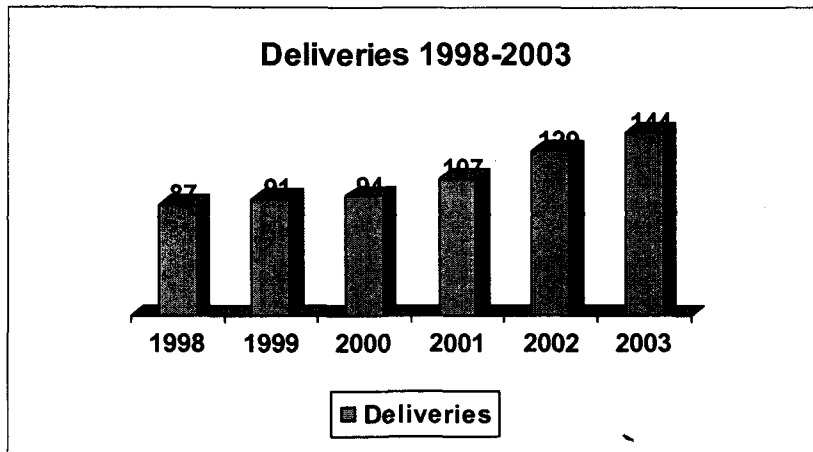


This graphic reflects the number of projects ordered since 1998, showing a steady growth until 2002, and a plateau at around 290 projects in build during the last three years.

Over the past five years, there have not only been a growth in average project size, but there have also been major investment in the yards themselves. Expansions, new facilities, dry docks and acquisitions have all changed the face of our industry, but it is fair to say that some yards are still focusing on the delivery of one or two projects per year. This is not only demonstrating a sense of realism, but an indicator that the market, at the upper end, revolves around about 25 shipyards, all building a total of 61 (50-m-plus) yachts, or an average of 2.4 projects each. In the lower size range, there have been several new entries, with both Russia and China becoming focused on this market, perhaps in order to serve their domestic client base in the first instance.

3.6.2. The deliveries

Taking a look to the numbers of deliveries it can be seen that in the past five years, the numbers has grown from 87 projects in 1998 to 129 projects in 2002. For 2003, it can be seen an increase of 12% with the numbers of deliveries reaching 144, and it can be anticipated more or less, than the number is increasing above the 150 mark in 2004.



This graphic reflects the growth in the number of projects delivered since 1998.

These are the more interesting figures and when you look over the past ten years, you can evaluate who is consistently producing and delivering.

It is easy to say that someone has several orders in build and in some cases you may in fact be able to prove the fact, but it is a far more credible statistic if a firm can say to the market that they have delivered two or more projects per year, on a regular basis. This demonstrates that the firm knows what they are doing, they have the expertise for building, the financial stability and of course the management structure to oversee the process, year on year.

Taking a look to these graphics, gives an idea about how the market is growing every year.

Studying how the market is growing in number of yachts will provide very useful information for all the different parts that participate in this business.

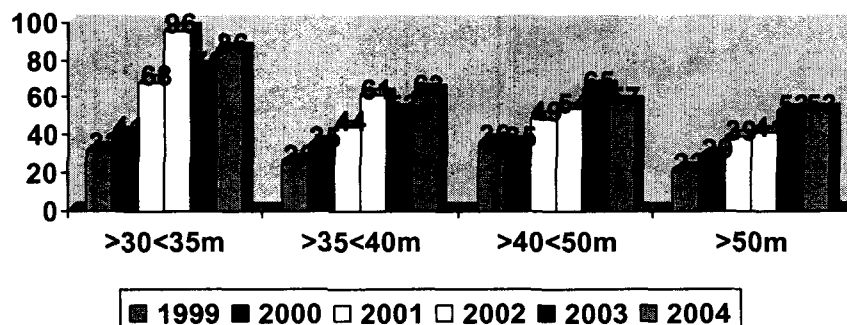
3.6.3. Market growth for New Construction Projects by Size

It can be seen growth and decline across the spectrum of projects sizes. Specifically in the 30-35m market it has been seen a 13% growth in the motoryacht segment, but a 40% decline in the sailing yacht market. The sailing market decline is reflected across the industry, with a 25% drop in projects overall. However, this is not necessarily a reflection on the business or interest in the sector, more a decline in the number of yachts building sailing yachts, with only 12 shipyards worldwide actively building sailing yachts and more specifically the Perini Navi and Royal Huisman yard dominating in the sector. It is also worth noting that no 30-m-plus sailing yachts are in build within U.S. territories. It's worth to mention this in order to demonstrate that Nevesbu has made a good choice in deciding targeting the motor yacht sector instead of the sailing yacht, which is in decline in this moment.

Over 35 m a growth of 20% has been seen in the motor yacht sector and the only growth in the sailing yacht sector, albeit only two projects; this does represent 20% year on year.

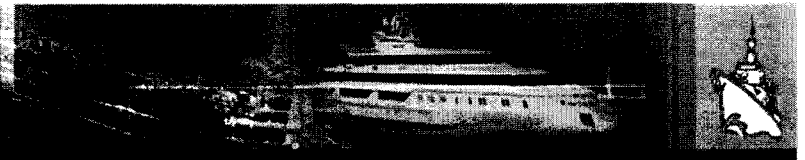
Interestingly enough, the only motoryacht segment to decline is in 40-50m. A 12% decline is quite surprising as for the past few years this has been a healthy segment, but it demonstrates that the majority of the deliveries in 2003 have been from this segment. Over 50m has remained static, but with significant launches in 2003 and further orders and signings on the horizon, this sector will have a positive trend in 2004 and beyond.

Market Growth for New Constructions Motoryachts Projects by Size

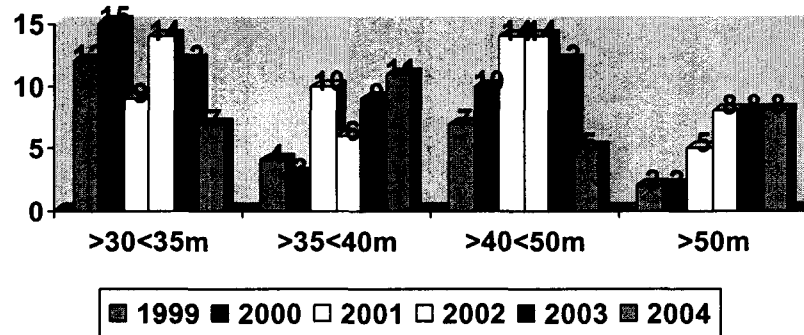


This graphic points out the growth and the decline across the spectrum of projects size within the new constructions motoryachts' segment. Most of them in continue growing.

I will make a similar graphic for sailingyachts in order to show how this sector is declining and to compare with the motoryacht sector. The sailing yachts are possible substitutes of the megayachts, and it's interested to know about them too:



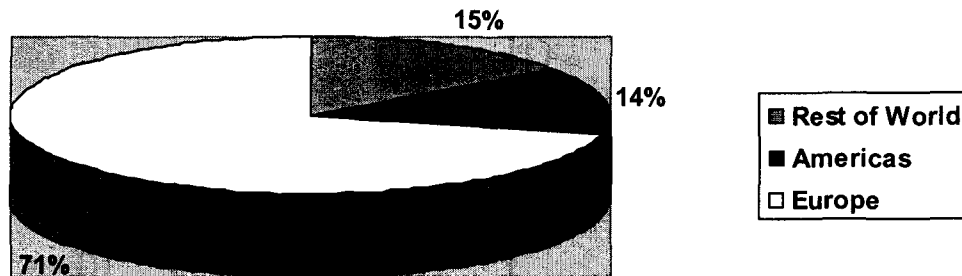
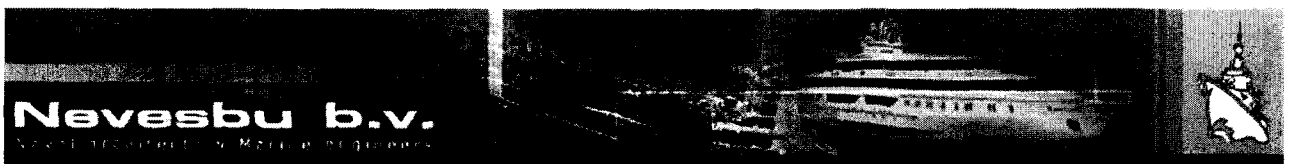
Market Growth for New Constructions Sailingyachts Projects by Size



This graphic points out the growth and the decline across the spectrum of projects size within the new constructions sailingyachts' segment. Most of them in decline.

3.6.4. Geographical market split

Europe remains the dominant force in this industry and those non-European yards comprising the Rest of the World push the U.S. into third place with 15% of the market. Although only 1% behind the Rest of the World, the U.S.A. should be maximising its position in the future with some of the principal yards enjoying good enquiries based on the dollar exchange rate. Once again, the U.S. comprises a handful of yards that have a good track record, but their image has been damaged over the past few years due to legal battles, contractual disputes and business failure of some well know brands. 2004 should be a year of consolidation and steady growth.



This graphic show how the market is geographically divided based on the percentages of the market share. Europe is the dominant force, and behind it the Rest of the World and Americas.

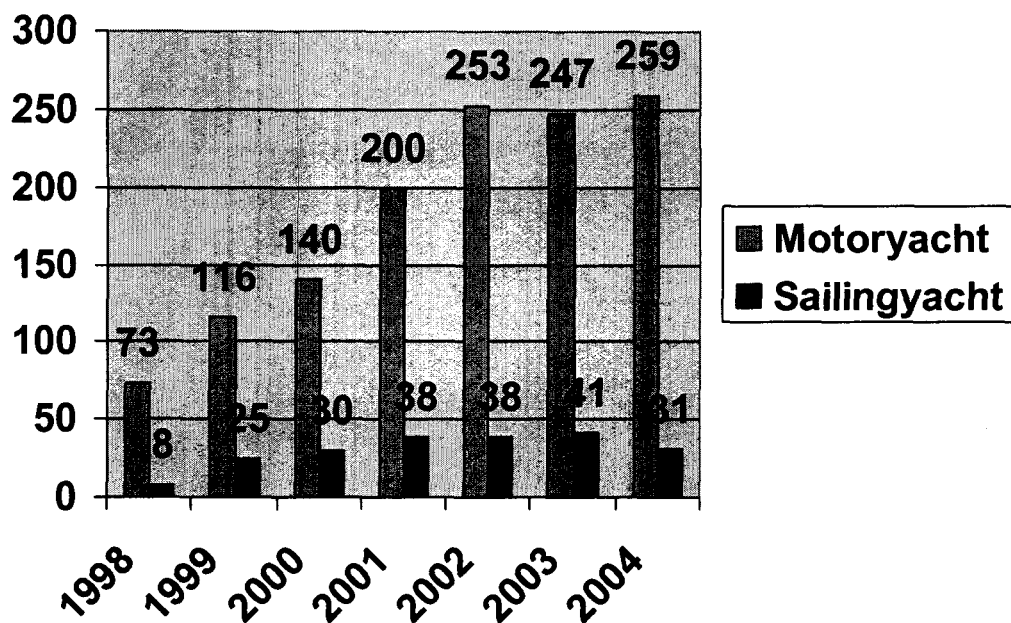
3.6.5. Market's Growth by Type of Vessel

It's interesting to know how the market is growing by vessel Type. It will give to Nevesbu more security in the decision of targeting one or other segment.

With 259 motor yacht projects in build around the globe, this shows a stable platform for the future, with the last three years all achieving levels between 240 and 260 projects. It is expected levels to remain stable for the near future. This is driven by the number of semi-custom projects and enquiry levels across the board. All of the principal motoryacht yards are all showing good order books and enquiry levels. No feedback suggests that the yards are expecting the market to decline.

In essence, one looks to the U.S. economy for indices, and with analyst predicting good growth over the coming quarter, it's expected the market to reflect and mirror this performance.

On the sailing market front, although it can be seen a steady order book approaching 40 projects approximately, the decline as I have already highlighted is reflected by the reduction in the number of yards focusing on the sailing yacht sector. With the likes of Perini Navi now looking to produce semi-custom entry level projects in the <40-m segment, it's expected this market to return to a positive trend in 2004. In fact, the signs are good if you look to the Royal Huisman, which has very recently signed two new projects in the 40-m-plis market.



This graphic reflect how the market is growing by vessel type (motoryachts against sailingyachts). The number of sailingyachts projects is considerably much smaller than the motoryachts one.

3.6.6. Yachts completed in 2003

No fewer than 144 yachts over 30 metres in length were completed in 2003, comprising 120 motor yachts and 24 sailing yachts. This was a notable increase over the 2002 figure of 129 vessels and 2001's century-breaking 107 units. To put this into perspective the number of annual completions has almost doubled in the last seven years. The 144 vessels were completed by 76 yards in 19 countries throughout the world. As expected, Italy led the way with 52 yachts, followed by the USA with 23, and The Netherlands in third place with 16 vessels. In percentage shares by number of units, Italy's share was 36.1%, USA's 16.0% and The Netherlands 11.1%. Following these top three building nations was New Zealand with 4.9%.

Of course, the above figures don't take into the size of the yachts completed; therefore note in the table of completions by country of build, (see Annex 10.1), that the total length completed in metres has been added. This does not alter the leading positions of the top three, but it does bring Germany up into fourth place as a direct result of the very large yachts this nation turns out.



So, the position based on linear length completed in 2003 is as follows:

Italy	32.3%
Average length of yacht – 37.0m. (124.4 ft)	
USA	14.8%
Average length of yacht – 38.3m. (125.6 ft)	
The Netherlands	12.4%
Average length of yacht – 46.2m. (151.6 ft)	
Germany	7.5%
Average length of yacht – 74.5m. (244.4 ft)	
Australia	4.9%
Average length of yacht – 48.2m. (158.1 ft)	
New Zealand	4.6%
Average length of yacht – 39.1m. (128.3 ft)	

One point to note is that the percentage share of sailing yachts completed last year (16.7%) is significantly below the average for the current sailing yacht fleet of around 26% and is below the 2002 figure of 19.4%. The principal reason for this is that there is a large increase in the numbers of production and semi-custom-built motor yachts being built in the last few years, which has had the effect of diminishing the sailing sector's share.

Turning to the length ranges completed in 2003 compared with 2002, the most notable increase is in the number of motor yachts in the 50-59 metre sector. Eleven were delivered in 2003 compared with only two the previous year.

Although no great significance can be read into these figures as the numbers are small, the general trend appears to be that the number of motor yachts in the 30-39 metre group continues to increase in number each year and that the 50-59 metre category is also growing strongly.

Individual Countries and Yards

- **ITALY**

In terms of number of vessels delivered, the Italian **Benetti** yard was well ahead of any other; combine that with its associated company Azimut and the figures are truly outstanding. Benetti builds both custom and semi-custom motor yachts in steel and composite, whilst Azimut production-line vessels are built in composite only. The



success of Benetti's *Classic* 35-metre (114.8-ft) series and the recently introduced 30-metre *Tradition* line coupled with the 45-metre (147.6-ft) *Vision* and its steel custom-built motor yachts has ensured the company's position as the world's leading builder of yachts over 30 metres. In 2003 Benetti delivered four *Classics*, three *Traditions* and one *Vision*, plus the 55-metre (180.4-ft) *Amnesia* and the 52 metre (170.6-ft) *Sai Ram* steel displacement motor yachts and the 44 metre (145-ft) *More*, composite motor yacht. **Azimut** delivered five 30-metre series, two more about this length and one 36-metre vessels, the first in a new series and the largest Azimut so far.

Rival builders **the Ferretti group** delivered both composite and steel motor yachts from its Ancona-based yard. Although Ferretti has a high output of composite motor yachts in the 24-30 metre range, the company will have a hard job catching the Azimut-Benetti group in terms of output over 30 metres. Its **CRN** subsidiary delivered the 46-metre (150.9-ft) steel *Kooilust Mare* and their Custom Line division completed seven composite motor yachts in the 30-40 metre range. Its order book is also bulging at the moment.

Other Italian yards experiencing positive times include **Perini Navi**, the sailing yacht specialists, with three yachts delivered last year the very large 64 metre (210-ft) *Felicità West*, the 56 metre (183.7-ft) *Burrasca* and the 50-metre (180.4-ft)...*Is a Rose*, but I won't take them into account because they don't build motor yachts.

Codecasa, the family-owned yard that concentrates on large motor yachts, delivered the 62 metre (203.4-ft) *Apogee* for an American owner and the 50 metre (164-ft) *Mariu* for an Italian, plus a smaller 35-metre (114.8-ft).

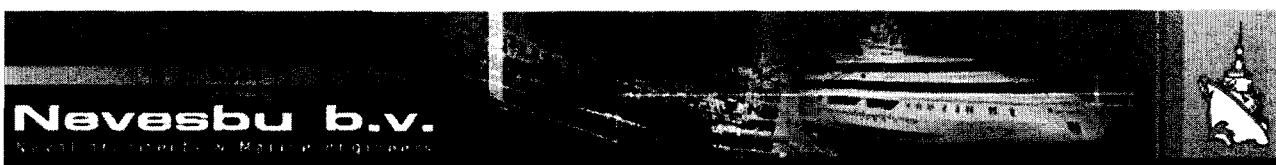
Two Italian yards that specialise in fast aluminium-hulled motor yachts are **Baglietto** and **Lavagna**, both continuing launching a yacht every three months. Baglietto's largest was the 42 metre (137.8-ft) *Blue Scorpion*.

On the composite front, **Overmarine**, **Pisa**, **Falcon** and **Versilcraft** keep producing fast motor yachts up to 38 metres, whilst a newcomer in the scene, **Fratelli d'Amato**, introduced *Sea Wish*, its 36 metre (118.1-ft), at last year's Monaco Show.

Several other Italian yards have completed yachts over 30 metres in 2003:

ISA, International Shipyards of Ancona, launched *April Fool*, the first in its 47.5 metre (155.8-ft) series motor yachts; **Mondomarine** delivered *Blue Belle*, an aluminium 40.5-metre (132.8-ft) motor yacht for an American client; and the **Cantieri di Fiumicino** delivered a 47-metre (154.2-ft) motor yacht, the *Lady Feryal*.

Last, but by no means least, was the *Wallypower* 36-metre (118.1-ft) gas-turbine-powered fast sports yacht that turned heads wherever it appeared, built by **Wally/Intermarine**.



- **USA**

In the USA, a couple of yards are emerging as prolific motor yacht builders:

The Washington-based yard of **Westport** has been churning out composite motor yacht hulls for many years now with great success. However, many of these were for other builders and although the company successfully marketed its own range a few years ago in association with **Westship**, its contribution to US yacht building were largely unsung. All this has changed now with the yard offering a series of composite motor yachts from 30 metres to 40 metres under its own brand name, with the result that Westport is now the leading builder of composite motor yachts in the USA. Three 40-metre and two 34-metre motor yachts were delivered in 2003.

Down in the south, **Trinity Yachts** has quickly established itself as a rival to the numerous European yards building large motor yachts. The company specialises in aluminium construction and builds in the 35-60 metre size range. Five yachts, the 38metre (124.7-ft) *Anjilis*, the 43 metre (141-ft) *Burna* and *Chevy Toy*, plus the 46 metre (150.9-ft) *Mia Elise* and *Seahawk* were completed in 2003, an impressive number by standard.

Other American yards continue to build in the 30-metre-plus bracket, including **Palmer Johnson**, **Delta**, **Christensen**, **Hatteras**, **Burguer**, **Lazzara**, **Norlund**, **North Star** and **Broward**. Sadly, the last named is a former shadow of what the company used to be in the 1980s and '90s, but is still building aluminium motor yachts. Also, with recent problems at Palmer Johnson, the situation is not clear at present although the signs are that a revival is imminent with range of large, fast cruising yachts.

There are, of course other US yards active in this sector of the market but none which have completed any yachts in 2003. Only one sailing yacht was completed in the USA last year, but the 47-metre (154.2-ft) *Scheherazade*, a traditionally style vessel launched by **Hodgdon**, made up for the lack of numbers with a very impressive addition to the world fleet.

- **CANADA**

In Canada, both Crescent Custom Yachts and West Bay SonShip delivered motoryachts over 30 metres in 2003.

- **THE NETHERLANDS**

Turning to the third most prolific building nation of large yachts, The Netherlands does not, as a rule, construct production line vessels, although there are a few semi-custom designs being built these days. On the motor yacht side, **Amels** in particular were very active in delivering four large yachts, the 52-metre (170.6ft) *Amevi*, the 55-metre (180.4ft) *La Masquerade*, the 62-metre (203.4-ft) *Solemar* and the 74-metre (242.8ft) *Ilona IV* during the year.

Feadship had a relatively quiet year with three deliveries- the 38-metre(124.7-ft) *Katrion*, the 47-metre (154.2-ft) *Rahal* and the 52-metre (170.6-ft) *Dream*, but it does have a very full order book, as does Heesen, the aluminium motor yacht specialist that launched the 46-metre(150.9-ft)*Sweet Doll*, the 44-metre(144.4-ft)*Koji* and the 30-metre(98.4-ft) *AmigoII* last year. The smaller **Hakvoort** yard continues to deliver one large motor yacht each year- this year it was the 46-metre (150.9-ft)*Flamingo Daze*, and the little known Sijperda yard completed the 40-metre (131.2-ft) *Grace*, a 1920s' style motor yacht for a Dutch owner.

The Dutch yards are also sailing yacht specialists, building some of the most beautiful vessels to grace the world's oceans. **Royal Huisman**, which is building a 90-metre (295.2-ft) schooner for delivery in 2004, completed *Maria Cattiva*, a 40-metre (131.2-ft) classic sloop, while **Holland Jachtbouw** delivered two sailing yachts- the 32-metre (105-ft) *Christoffel's Lighthouse* and the 35-metre (114.8-ft) *Whisper*. Jongert, the prolific builder of modern and classic sailing vessels, delivered a traditional 45-metre sloop.

Looking at the European yacht building countries, it is clear that the region holds a commanding position in the world market-place. Apart from Italy and the Netherlands, Germany, France and now Denmark are becoming forces to be reckoned with.

• GERMANY

The largest and most spectacular yachts tend to be built in Germany and in particular by the **Lurssen** yard. In 2003, the yard delivered two huge yachts exceeding 100 metres plus another 'smaller' one. The largest was the 126-metre (413.4-ft)*Octopus*, for a prolific U.S. owner, followed by the 115-metre (377.3-ft) *Pelorus* and the 58.5-metre (191.9-ft) *Capri*. The company will be delivering an even larger yacht next summer.

The old establish yard of **Abeking & Rasmussen** completed two motor yachts of just under 60 metres (196.8 ft), the *Kwikumat* and *Zenobia*, whilst the new yard of **Kaiserwerft** launched the first in its 31-metres series (101.7-ft), the *C'est la Vie*.

• FRANCE

While France has traditionally built yachts in the sail sector, three relatively new yards are making inroads into the motor yacht area.

Cherbourg-based CMN completed three sailing yachts over 30 metres in 2003, but also has a couple of large motor yachts under construction.

JFA completed the 37-metre (121.4-ft) expedition yacht *Axantha*, while **OCEA** delivered *Okeanis*, a 40-metre (131.2-ft) styled on commuter yacht lines.

On the south coast, **Trehard** completed the modern 39-metre(128-ft) sloop *Vaimti*.

- **DENMARK**

Denmark is not usually associated with modern yachts, but the **Royal Denship group** is rapidly becoming established as a leading builder of large yachts, the 77 metre (252.6-ft) *Princess Mariana* and the 41 metre (134.5-ft) *Unforgettable*; and on the sailing yacht side, a 41.5 metre (136.1-ft) replica racing yacht called *Ranger*.

- **FINLAND**

Further north in Finland, the prolific sailing yacht builder **Nautor** delivered *Red Sky*, a 30 metre (98.4-ft), and another at 34 metres (111.5-ft), whilst **Baltic yachts** completed a 43 metre (141-ft) sailing yacht named *Canica*.

- **UK**

In the United Kingdom production motor yacht builder **Sunseeker** continues to find success with its 32 metre model, with three delivered in 2003.

Green Marine, specialist in racing sailboats, built the 35 metre (114.8-ft) *Sojana* for a well known UK yachtsman.

- **SPAIN**

Moving down south again, the new Spanish yard of **Barcos Deportivos** delivered *Syl*, a 44 metre (144.3-ft) sloop, and motor yacht builder **Astondoa** completed its first 30-metre-plus motor yacht.

- **TURKEY**

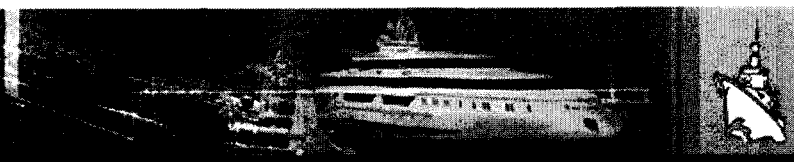
Turkey continues to build many yachts over 30 metres, including the traditional gullet sailing yachts. **Proteksan-Turquoise** completed the 42.5 metre (139.4-ft) aluminium expedition yacht *Camaleon-B*, whilst **RMK Marine** delivered two steel 37 metre (121.4-ft) vessels of the same type, the *Jasmin* and the *Private Lives*.

Leight-Notika, situated in Antalya, launched two composite motor yachts, one a 30 metre (98.4-ft) called *Clarity* and the other the 36 metre (118.1-ft) *Phoenix*.

Durukos also built the *Cobra Queen*, a 32 metre (105-ft) gullet.

- **GREECE**

Not far away in Greece, the very large motor yacht *Annaliesse* of 85 metre (278.9-ft) was launched specifically for the charter market. **Nerion Shipyards** on the island of Syros were the builders.



- **RUSSIA**

What is likely to be the first of many motor yachts emanating from Russian yards was completed last year. *Pallada*, a steel 33 metre (108.2-ft), was delivered by **Moscow Shipyard** to a prominent Russian.

- **THE MIDDLE EAST**

In the Middle East, the UAE builder **Gulf Craft** builds many motor yachts in the 24-30 metre range and recently started building a 36 metre (196.8-ft) series, the second of which, the *Argusea*, was delivered in 2003.

- **AUSTRALIA & NEW ZEALAND**

Let's now take a look at Australia and New Zealand, where output of large yachts has been the norm for many years now.

AUSTRALIA

Oceanfast, based in Western Australia, is by far the largest yard in the country. It has produced some spectacular large motor yachts over the years and 2003 was no exception. The 69.5 metre (228-ft) *Aussie Rules* expedition motor yacht for well-known golfer Greg Norman was the largest, followed by the 56.5 metre (185.4-ft) *Sycara III* and the slightly smaller 54 metre (177.1-ft) *Perfect Prescription* for American owners. The **NQEA** yard based at Cairns delivered the 44 metre (144.4-ft) motor yacht *Silverfox* for an Australian, whilst **Warren Yachts** completed the *Crystal Lady*, a 35 metre (144.8-ft) motor yacht. A 30 metre (98.4-ft) racing yacht called *WildThing/Skandia* was also built in 2003.

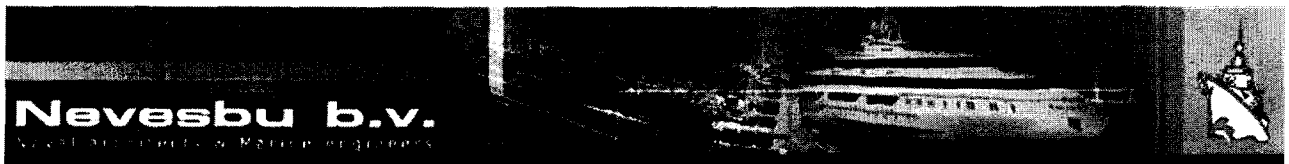
NEW ZEALAND

Next door in New Zealand, a number of yards continue to build both motor and sailing yachts over 30 metres to a high standard. **Alloy Yachts**, best known for its large modern sailing yachts, completed the 39 metre (128-ft) *S.Q.N* last year. **Sensation** delivered a 53 metre (173.9-ft) motor yacht the *Noble House*, to her American owner; and **Sovereign**, which recently opened a yard in Auckland in addition to its Canadian facility, completed the 41 metre (134.5-ft) *Sovereign Lady*.

In the sailing sector, the **McMullen & Wing** yard delivered the large sport fisherman *Mea Culpa* and also handed over the 34 metre (111.5-ft) sailing yacht *Ipanema* to her South American owner. The relatively new yard of **Fitzroy Yachts** completed its third new build, the 37 metre (121.4-ft) sailing yacht *Midnight*, while a lightweight 30 metre (98.4-ft) racing sailboat, the *Zana*, was delivered by **Hakes Marine of Wellington**.

- **CHINA**

On then to the fast growing yards of China, where the highly innovative 91 metre (298.6-ft) Proa-Style motor yacht *Asean Lady* was finally delivered by **Raffles Yacht** at Yantai. Formerly based in Hong Kong but now at new facilities in Doumen, the well-



known yard of **Cheoy Lee** has built two composite motor yachts of 31 metres and 38 metres for the American market.

- **TAIWAN**

A 34 metre (111.5-ft) composite motor yacht was also delivered by Taiwan based builder **Horizon Yachts**, and finally a highly unusual aluminium racing sailboat *Maiden Hong Kong* of 35 metres (114.8-ft) was launched for her Chinese owner.

Although it is almost impossible to predict the level of completions for 2004, it's estimated that there will be between 160 and 170 yachts over 30 metres delivered.

(A resume of this can be seen in the Annex).

3.6.7. Influence of the Economy in the Megayacht Industry

This is an unsikable market.

This industry enjoy having quality clients such as royalty, celebrities, CEO's, retired millionaires and most of them have not been affected by recesions or even war acts.

Industry watchers suggest that the reason for the robust market is that buyers of super-yachts are so wealthy and diversified that the economic downturn hurt them less than most consumers.

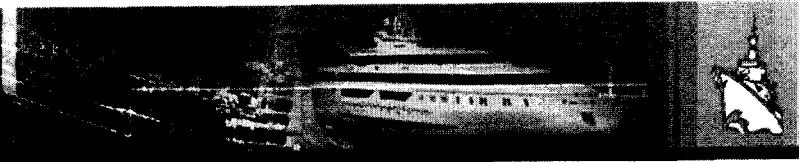
The closest example is what happen in this industry after the events on September 11th, 2003. They didn't have the negative sales impact that shipyards owners had at first feared. Small boat sales were struggling, but larger cruisers continue doing quite well.

The continued strong super yacht sales, despite the slow economy, have been caused by a combination of psychological and financial factors.

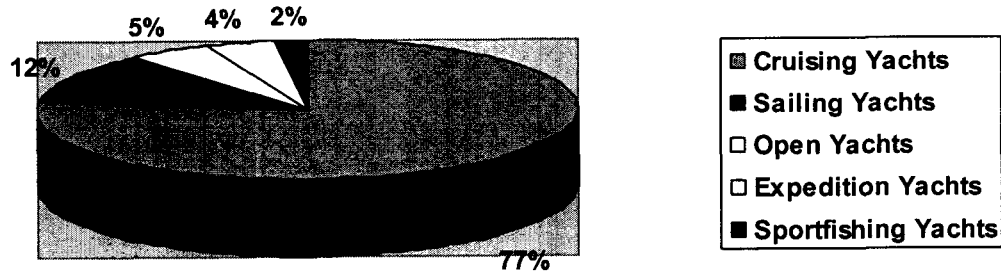
On the human side, the events of 9/11 seem to be convincing many prospective boat buyers not to delay. Some people felt it was time to build something they had been dreaming about anyway.

Sept. 11 also increased the importance of family in many yacht buyers' eyes. To people on this financial strata, few things are as family-affirming as sharing time aboard a yacht. The prevalent theory was people wanted to spend time with their families doing things that were safe, and boating is very safe.

In summary, megayachts is one of the strongest markets. The yachts' owners are so cushioned by their financial situation that it doesn't matter how the economy is doing. They are different breed of people.



3.6.8. Current projects in build



This graphic show the percentage of the different type of yachts which are in current construction. It can be seen the great amount of cruising yachts, which are dominating the market.

For more information, see Annex.

3.6.9. Megayacht Market information 2003

See annex.

In summary this megayacht market is growing. The explanation to this worth could be point out in four points:

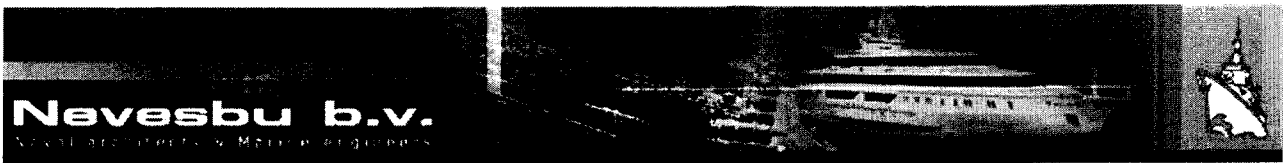
1. Inmprovements in rules, regulations & managment
2. Yacht being used as business platforms
3. Improvements in the communications possibilities
4. The Private Cruising and Charter is increasing

These are probably the four main reasons that make this market growing.

The market areas until now have been Europe, UK, USA, South-America, Arab Stream State and Australia. Every year new participants are entering in this business. As a new market It can be found Russia and the Far East.

4. PRODUCTS IN THE MARKET

In these complex market lots of products can be found. Once it's understood how this market works and which role do each part play on it, it's easier to find out which differents products you can find in it.



I will focus all the products I can find in the market in the process of building a yacht, since the moment that the owner has in mind that he wants to buy a new yacht.

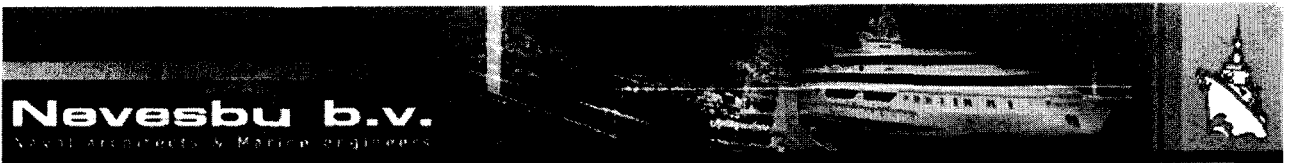
In the megayacht sector, I can split the market in two:
“consumer market and business market.”

4.1. Consumer Market

In this case, the consumer is the one who is buying a yacht, that is to say the owner.

You can sell to him the next products among others:

- A yacht already built: sailing yacht or motor yacht (commercial vessel, cruising yacht, expedition yacht, sport fisher yacht, open yacht).
- A design already done.
- Design services.
- Building services.
- Yacht broker services (they help the owners in selling, buying and charter yachts).
- Expertise crew for the yacht.
- Consultancy services in order to check that the project they are going to get involved in is a good choice.
- Information about the possibles yards where you can build a yacht, about possibles designers, yacht brokers..., in other words, advise.
- Finances.
- Maintenance and overhaul of your yacht.
- Representation (be representative of the owner).
- Testing, commissioning and acceptance of the project once the yacht has been built.
- Yard building supervision.
- Interior and exterior stilyst services.
- Megayachts' magazines.
- Project management.
- Tenders
- Accessories for the yacht
- Yachts' marinas
- Business aviation
- Private jets
- Security equipments
- Travel agency- luxury hotels
- Services for yacht classification and certification
- Fuel suppliers
- Emergency telemedicine- telemedical support
- Engineering services, repairs
- Entertainment systems (audio, video)



- Fair & exhibitions organizations

4.2. Business Market

In this case, all the industries which are involved in the process of build a yacht can be customers and sellers.

You can find the next products among others in it:

- Naval architecture, Ship & Yacht
- Design, Structural Engineering, Marine & Mechanical Engineering
- Interior & Exterior Design & Styling
- Lofting & Ship Building Kits
- Manufacturing
- Input from the market (market information)
- Softwares and informatic programs.
- Refit and repair services
- Yacht Brokers services (mediate between buyers and sellers)
- Yachts' and Business' magazines
- Naval Architects
- Marine construction(hull, superstructure and equipment)
- Installations (electrical, air conditioner,...)
- Yacht transport
- CAD/CAM/CAE, Building Supervision
- Computer systems-Yacht management software.
- Finance & Insurance Services
- Consultancy Services
- Aluminium equipment
- Crew placement
- Accessories for yachts
- Custom made doors, decks, gangways
- Rigginnng, winches& masts
- Electronic equipment
- Stainless steel accessories
- Electronic equipment
- Paint, coatings & marine varnishes
- Decorative objects, crystal equipment
- Security equipment
- Harbours & marinas
- Propellers, bow thrusters
- Engines, generators
- Glass partitions-anti-corrosion systems
- Services for yacht classification and certification
- Air conditioning equipment



- Stabilizers, integrated hydraulic systems
- Telecommunications, satellites
- Maritime consulting & management
- Engines generator
- Fuel suppliers
- Light fixtures
- Navigational instruments
- Entertainment systems (audio, video)
- Confort systems: H.V.A.C., sanitary & sprinkler systems
- Batery chargers, inverters
- Federation Associations
- Fair & exhibitions organizations

5. NEVESBU PRODUCTS

5.1. *What they have done until now*

Nevesbu is a customer-oriented organisation. It has developed to become an engineering and consultancy company dedicated to offshore, naval and specialist vessels.

As a central engineering office for the naval shipyards, Nevesbu has worked during the past seven decades on a number of generation naval ships and submarines. It has developed a qualified and experience staff with valuable engineering tools and extended databases related to the naval industry.

Over the last fifteen years as the defence market has shrank nationally and internationally, the skill within the company were exploited to the civil and offshore market. Nevesbu gradually gained experience and respect for their performance on orders executed in the high-tech end of this market. This holds particularly for the specialized civil ships like for instance megayachts, but more over for the offshore sector.

➤ *The offshore experience*

The offshore experience of Nevesbu comprises a series of FPSO and other floating unit projects. Participation in JIT and EU sponsored research and development projects.

For most offshore projects Nevesbu has concentrated on hull and marine systems to provide a platform on which oil and gas processes take place. Alternatively specific areas such as turret integration, accommodation or even small process modules are taken to hand.

In this sector they have worked mainly doing:

- Basic Conversion Engineering



- Basic and Detail Engineering
- Concept Design

➤ ***The naval experience***

The naval works made by Nevesbu until now, range from submarines to fleet tankers, amphibious support vessels, corvettes, frigates and even an aircraft carriers.

In this sector they have worked mainly doing:

- Design and Project Definition
- Basic and Detail Engineering
- Conceptual Studies

➤ ***Specialist vessels experience***

Specialist vessels include: oil spill recovery vessels, hydrographical survey vessels, and luxury megayachts as well as oil, chemical and product tankers with or without double hulls.

• **Commercial shipbuilding sector**

In the commercial shipbuilding sector they have worked mainly doing:

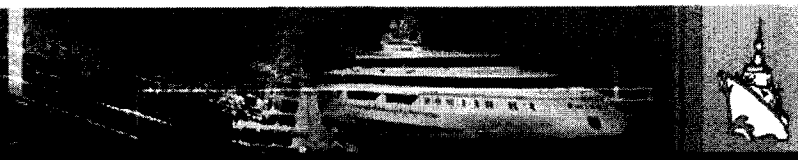
- Design and Project Definition
- Basic and Detail Engineering
- Basic and Detail Engineering upgrade
- Concept Design

• **Megayacht sector**

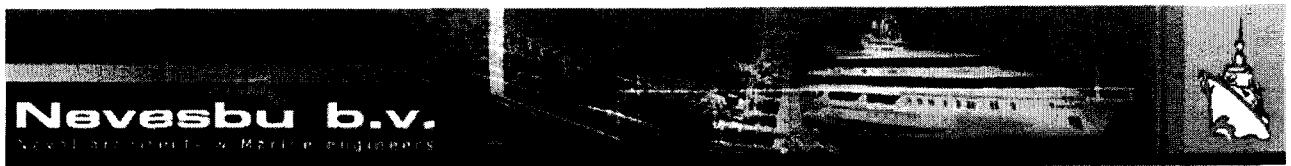
Over the past seven years Nevesbu has acquired a lot of engineering work in the megayacht market area. The company has worked for all large Dutch shipyards, building these luxury mega-yachts.

The services that Nevesbu has performed for the shipyards are for 90% detail engineering services, rest of it (10%) has been for design work and consultancy services.

During recent years Nevesbu has performed engineering works of the following yachts:



Name	Length	Yard	Engineering Works	Year
"Yard Number 669"	56 m	Feadship Netherlands	Detail engineering structural, arrangements and piping	2002
"La Masquerade"	55 m	Amels Holland Shipyards	Systems design, detail engineering structural, arrangements and piping superstructure, detail engineering piping and arrangements hull, weight control and calculations	(2001/2002)
"Al Mirqab"	95 m	Oceanco Shipyards	Consultancy on arrangement of resilient mountings/ noise and vibration control for propulsion/ transmission systems	2001
"Pegasus"	60 m	Oceanco Shipyards	Detailed engineering structural, arrangements and piping in superstructure, detail engineering of piping in hull, weight control	2000
"Ambrosiana"	60 m	Oceanco Shipyards	Detail engineering structural, arrangements and piping superstructure	2000
"Yard Number 416"	42 m	Feadship Netherlands	Detail engineering structural, arrangements and piping	2000
"Royal Clipper"		Merwede Shipyards	Detail engineering of engine room	(1999/2000)
"Constellation"	80 m	Oceanco Shipyards	Detail engineering structural, arrangements and piping superstructure and hull. Assistance at the yard.	1999
"Al Mirqab"	95 m	Oceanco Shipyards	Detail engineering structural, arrangements and piping superstructure	(1998/1999)



5.2. What they want to do

I will focus my studies in the megayacht sector.

Nevesbu want to continue with the engineering activities that they have done until now for the Dutch shipyards and has the strong intention to expand the service package to the mega-yacht market area,

- to conceptual and basic design, and
- to services for shipyards outside The Netherlands.

The continuation of activities is mainly aiming at the custom-built larger yachts (>40m).

In order to get that, they are developing a new project: *"The Blue Orvette designs"*. These are **Fast Ocean Crossing Megayacht series, from 40-90m / 130-300ft length.**

With this project, they are proposing a re-definition of the existing motor yacht concept: a yacht that features a high top-end speed of over 32 knots and a stunning acceleration, but which is also a tremendously fast passage maker under all weather conditions, yet comfortable, safe and pleasant to live on board. With an interior enable accommodating 20 guests, make this yacht possible to use for charter. (A yacht for charter must have more than 12 passengers).

Nevesbu has reviewed the naval designs of which the proven hull designs and propulsion installations could be used as a basis for these high performance megayachts.

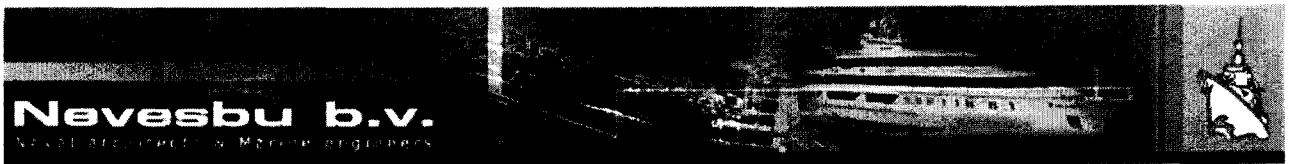
With this project, Nevesbu wants to sell to the clients services beside a design. They give them different possible choices.

So, they don't offer only one product, they offer as much as the client wants. There are six points that explained all the possible works that Nevesbu can do for their customers. Offering to the clients the products like this, will give them the opportunity to choose how involved they want Nevesbu to be in the project.

There are six possible products that the owners can buy and combine as they like:

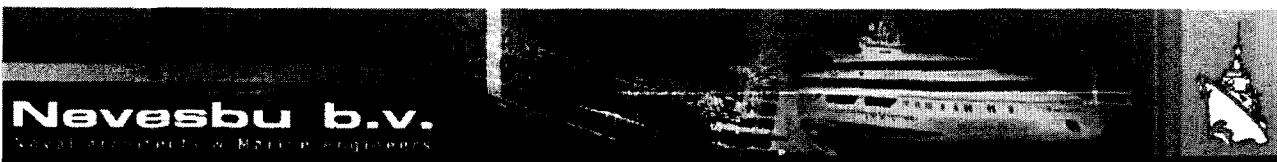
1. The design: the concept design, length and displacement, basic ship's drawings and calculations, outline specifications, general arrangement plan and the price of the design.
2. The possibility to adjust the design to customers' requirements.
3. Help in the contract phase and the start up of the project. They will help the customers to find the most suitable shipyard for building the yacht. (By giving them a list of specialist shipyards, give them advice; go with the owner to the different yards...).

Nevesbu is still thinking in being involved in the Finances & Contracts part.



4. Engineering and yard building supervision in the process of building the yacht. Nevesbu wants to be consultant for the owner and they want to check that the project is being built correctly.
5. Testing, commissioning and acceptance, once the yacht has been built.
6. Maintenance and overhaul. These are services that the owner may need during the life of his yacht.

These six points are outlined in the next graphic:



PRODUCT YACHT DESIGN & SERVICES

1. YACHT DESIGN IN SERIES

- Different lengths & displacements
- Ship basic calculations
- Price
- General Arrangement Plan
- Outline specifications
- Basic ship's drawings

DESIGN

2. ALLOCATED YACHT DESIGN

- Adjust it to customer requirements

DESIGN &
SERVICES

3. CONTRACT PHASE AND START-UP OF PROJECT (BUILD & ENGINEERING)

- Inventory of yards
- (Finances & Contracts)

4. ENGINEERING AND YARD BUILDING SUPERVISION

5. TESTING & COMMISSIONING & ACCEPTANCE

6. MAINTENANCE & OVERHAUL

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6. APPLICATIONS OF MARKETING MODELS ON NEVESBU

6.1. *Market Segmentation*

How should be segmented the megayacht market so that tailored strategies can be developed?

The company Nevesbu has to recognize that it normally cannot serve all customers in the market. The customers are too numerous, dispersed, and varied in their buying requirements. Some competitors will be in a better position to serve particular customers segments of that market. The company, instead of competing everywhere, needs to identify the most attractive segments that it can serve effectively.

Segmentation brings a lot of benefits to the marketers who adopt this technique. These benefits seem appealing: a full understanding of a market; the ability to predict behaviour accurately; and an increased likelihood of detecting and exploiting new market opportunities. This is the knowledge that the company Nevesbu needs, and this will help them to have the ability to satisfy chosen market segments.

Because the needs of customers differs,(it's not the same the owner who is buying a yacht in order to cruise the oceans than an owner who wants a yacht only in the summer to have a nice time with his family, for example), creating separate offers for each segment provides better solutions.

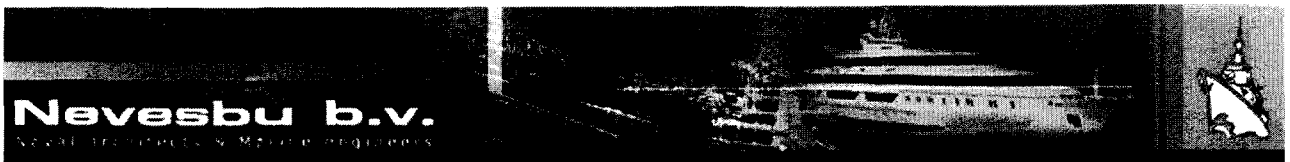
Segmentation offers the opportunity for Nevesbu to compete with major companies.

6.1.1. Consumer Market Segments

When I talk about consumer market segments, I refer Nevesbu selling their products directly to the owners of the megayacht.

Knowing the megayachts' owners is a difficult job. I've been spoken about them in 3.3.3 Section. To find out the needs of customer in a market, it is necessary to undertake market research. It is complicated to get in touch directly to the yachts' owners in this megayacht market. The best way to know about them is via interviews with people who are involved in this market and have had relationships with them in some way. Internet and magazines are good tools as well.

Finding segments within the megayachts' owners is an art. Every person is different from the other and most of the owners of this type of boats want unique yachts.



However, there is a characteristic common to all of them:” it’s similar that everybody wants something else”.

The methods that the marketing books advise to segment consumer markets are difficult to apply in some specific industries. Concretely, the megayacht industry is an example of it.

I will discuss next why I won’t use the three first methods and why the last one can be useful.

- *Geographical segmentation*

I have been thinking about the different needs that a customer would have depending on the place or the region they live, the population, the climate... Every yacht’s owner has his own ideas about the yacht they want. It can’t generalize telling that European owners prefer a more classic design and American owner prefer modern style. Divide the markets by owner nationality or by where the owners live make no sense this kind of product.

- *Demographic segmentation*

Normally the yachts’ owners are men, but there are some cases in which the owner is a woman, for example Heidi Horten, a German retail heiress who commissioned Carinthia VII from Lurssen for strictly private use. But, the number of men who owns a yacht is too big compares to women. The needs of women and men when they are going to choose a design don’t differ because of the different sex. So, segment the market in sex won’t help Nevesbu in finding a future buyer for their design.

The income is of course very high in order to be able to afford buying this type of boats, but it’s very high for all the owners.

The age, ethnicity, education, occupation and family status are other variables for demographic segmentation. There aren’t differences in the needs of the owners when they are buying a yacht based on these variables. They are no useful to make segments.

- *Psychographic segmentation*

Marketing books give as possible variables to base on: values, attitudes, and lifestyle (if the owners are culture-oriented, sports oriented, outdoor-oriented...if they are compulsive, gregarious, authoritarian, ambitious...).

This won’t help a designer in the decision of selecting different segments because although these psychographic characteristics are different from ones clients to others, it’s difficult to establish these differences and organize the owners in groups. So, a group of future owners with similar needs basing the search in these variables can’t be found.

At this moment it could be said that there are as many segments as potential customers, but this is not segmentation. Groups of potential customers within the market with similar needs, needs that can be satisfied in the same way, must be found.

- *Behavioural segmentation*

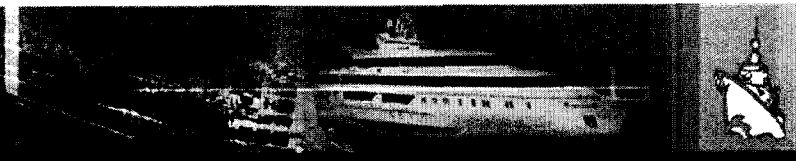
Based on variables such as usage rates and patterns, price sensitivity, brand loyalty, and benefits sought. The last variable will be useful for this market segmentation because the yacht owners don't buy "yachts"; they buy "the benefits that the yachts give them". And based on what the benefits they seek, different segments can be found.

Finally, I will segment the market by classifying the buyers according to the benefits they seek from the product, for example: Quality, Services, Economy, Speed, Size, Style...and by classifying them according to similar wants that they share.

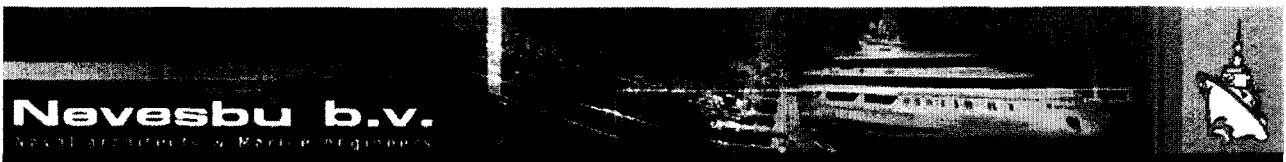
- **Style:** the style or design of the boat is something very personal. There are no two equal persons who have exactly the same likes. Some people like a contemporary interior design and others a more classic one, for example. It's very difficult to define segments according to the style. And in this type of megayachts, normally it's adjusted to the customers' requirements.
- **Quality:** Builders are always attempting to give more space for basically the same amount of money. Unfortunately, this works against the desire for decent quality, as they have to use cheaper materials and constructions methods to give that larger space for less money.

So, with this idea, I will define three segments:

- 1) People who want the best quality and they don't mind paying more for that.
 - 2) People who want the best quality and pay less for it (they really mind pay so much for it).
 - 3) People who prefer sacrifice some quality and pay less.
- **Size:** In recent years, the production of megayachts has increased at a clip that is outpacing the availability of dockage long enough or water deep enough to accommodate these types of boats. Megayachts usually require at least 12 feet of water and hundreds of feet of dockage. Especially when it comes to boats over 170 feet, there aren't many places with deep enough water to handle the volume of traffic. Most of the marinas around the world can accommodate yachts until 30 meters. As boat owners gravitate towards larger vessels, marinas are trying to keep up by providing adequate dockage. From 30 to 50 is probably to find something. Up to 50 meters you have few spaces. So, basing on this idea, I will define the next segments:



- 1) Owners who mind not having enough space to come alongside their yachts in any marina around the world: size less than 30 meters.
 - 2) Owners who don't mind very much not having enough space to come alongside their yachts in any marina around the world: size 30- 50 meters.
 - 3) Owners who don't mind anything not having enough space to come alongside their yachts in any marina around the world: up to 50 meters.
- **Speed:** according to how much someone loves speed and the importance that people give to it, two segments can be done:
 - 1) People who love speed and want to run very fast with his boat.
 - 2) People whom speed is not so important, they prefer a slower boat.
 - **Price:** a 100-foot boat might cost from 2 to 5 million euros or a 200 foot boat \$40 million and above. I can split the market based on price approximately in two segments:
 - 1) People who can afford or are willing to pay approximately until 5 million euros per a boat
 - 2) People who can afford or are willing to pay approximately from 5 to 30 million euros per a boat
 - 3) People who can afford or are willing to pay approximately more than 30 million euros per a boat
 - **Use of the boat:** according to the use that the owners want to give to their yacht, two segments can be defined:
 - 1) Owners who want the yacht only strictly for private use.
 - 2) Owners who want the yacht for commercial use. The yachts they are going to use for commercial use will have to be built according to some regulations (MCA, SOLAS..., depending on the type of yacht. I won't make segments basing on the regulations because this is something that the one who is designing or building the yacht will have to take into account, not the owner. These segments wouldn't belong to the yacht's owners). The main objectives of these regulations are to specify minimum standards for the construction, equipment and operation of ships, compatible with their safety.
 - 3) Owners who want the yacht for private use but they would like to be able to charter the yacht in some case. When a vessel is "chartered" it's engaged in trade. In this case, the owners will need some certificates in where it's said that the yacht is subjected to regulations.



- **Time:** according to the time that an owner is willing to wait to get his yacht, three segments can be found:
 - 1) People who don't want to wait and want immediate delivery.
 - 2) People who are willing to wait but not very long.
 - 3) People who would wait as much time as it's necessary.
- **Where you use the boat:** according to the place where the owner is going to use the boat I can define two segments:
 - 1) Owners who want to use the yacht in rough waters. (These owners will need a boat with deeper hulls, intended to get more vigorous use).
 - 2) Owners who want to use the boat only for day tripping and partying. They won't do very long trips.
- **Interest of the owners:** basing on the interest of the owners, different segments can be found:
 - 1) Owners interested in ocean crossing and long distance cruising.
 - 2) Owners interested in oceanographic and in making expeditions around the world (they will need a yacht designed to be self sufficient for months at time (expedition yachts))
 - 3) Owners interested in participate in American's Cup and other sailing competitions.
 - 4) Owners interested in having a yacht easily handle and fast (open yacht)
- **Requirements of the owners:** basing on the owners' requirements, three segments can be defined:
 - 1) People who want to decide themselves everything about the boat: the number of decks, number of cabins...they want the yacht to be built completely according to their requirements since the first moment.
 - 2) People who want a boat adjusted to his requirements but who are more flexible in the number of cabins, decks, the hull of the boat...but they want to participate in the last decisions of the style and interior design of their boats.
 - 3) People who doesn't mind if the boat is adjusted to their requirements or not. They just want a specific yacht.



- **Depending in how much the owners participate in the project of the yacht,** three segments can be defined:
 - 1) Owners who want to be involved in the project since the first moment.
 - 2) Owners who don't mind being involved in the project since the first moment but they want to participate.
 - 3) Owners who are not involved in the project.
- **Based on the wants of being different:** two segments can be defined:
 - 1) Owners who want unique yachts (this means that nobody has a yacht like theirs). They want to be different from the others.
 - 2) Owner who don't mind that other people have a yacht like theirs. Differentiation is not so important to them.
- **Based on the way owners buy yachts:** based on the different possibilities of buying a yacht three segments can be defined:
 - 1) People who go directly to the shipyard
 - 2) People who go directly to a designer
 - 3) People who go directly to a broker

In the chapter of targeting, I will select the segments which fit better to Nevesbu products and in where they have more possibilities to succeed.

6.1.2. Business Market Segments

In the Megayacht Business Market different parties can be found: suppliers, yards, naval architects, designers... All of them participate in this business. But what is interesting for Nevesbu is focusing in its clients.

Nevesbu's contribution in this business market has been until now 90% detail engineering services and 10% for design work and consultancy services. All of these works have been done for specialist shipyards.

But three potential customers can be found in this market for Nevesbu:

- 1) Shipyards
- 2) Other Naval Architects & Designers
- 3) Refit & Repair Yards

The list of activities, design and engineering capabilities, that Nevesbu can do for its clients are:

- Concept and preliminary ship design
- Hydrostatic, weight control, intact and damage stability analyses

- Tender, outline and project specifications
- Hull structural design and final strength calculations
- Noise and vibrations assessments, calculations and simulations
- Hull and structural fatigue analyses
- Design and steel constructions drawings
- Marine system design and performance calculations
- Technical (equipment) specifications and tender evaluations
- Reliability and availability analysis
- Safety, fire integrity & protection, isolation, escape route plans
- HVAC design and calculations
- Design and calculations transport and handling systems
- Detailed piping design incl. isometrics
- Propulsion and transmission system design and analyses
- Mechanical constructions drawings
- Fabrications and mounting drawings
- Load balances and design of prime power generation systems
- Engineering of electrical power generation and distribution systems
- Design and engineering of battery and emergency power systems
- Electrical diagrams, a. o. single line diagrams, key one line diagrams, termination diagrams
- Design and integration of control and monitoring (C&M) facilities and systems
- Design and engineering of electrical drives incl. control system
- Piping and valve specifications

These are the customers' needs which can be satisfied by Nevesbu.

It's difficult to make segments within the different yards, refit & repair yards and naval architects & designers. Some of them can need help in the design concept and others in the final strength calculations, for example. But you can't generalize that they will always need Nevesbu help. Depending on the yacht they are building, designing or repairing they can or can't need its help.

Some variables which can guide Nevesbu in order to decide which customers they should target are:

- For the yards and refit & repair yards: if they have their own team of designers, engineers, surveyors; the size of this team; the yacht experience that they have, the range length they are working with (Nevesbu has a big experience with design, naval architecture and marine engineering in boats up to 40m)...
- For the Naval Architects & Designers: if they have capacity and size as well as availability of the full range of disciplines required for a megayacht project...

A very important point to take into account in the business market is the relationships. If the clients are happy with your works, they will ask for your help again when they need it.

Nevesbu has developed a close relationship with a growing group of regular customers in the naval defence and offshore circles. Since his introduction in the megayacht sector they have been developing close relationships with several clients too.

Clients include: The Royal Netherlands navy as well as foreign navies, ship owners, shipyards, industry and governmental organisations. Amongst these clients are: Amells Holland, Allseas Engineering, Damen Shipyards, Feadship, Holland America Line Inc., Merwede Shipyard, Ministry of Transport of the Netherlands, Oceanco, Schelde Naval Shipbuilding and others.

6.2. Market Targeting

Once the customers were known and their requirements were identified, it was possible to find segments among them. Market segmentation has revealed the market-segment opportunities facing Nevesbu. Now it has to evaluate each segment and decide how many and which one to target. The target segments will be those ones where the company is good at and those that show a prosperous future.

It's better to target specific segments and not the market as a whole.

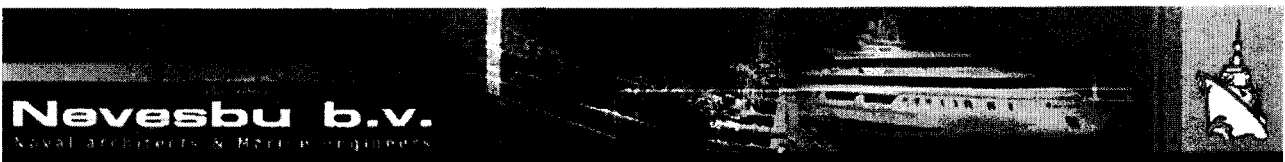
6.2.1. Consumer Market

Segments' Evaluation:

- **Quality:** All the customers ask for quality when they are going to buy a yacht. But best quality and more money usually go together. The materials and methods used in order to build or design a yacht, the machinery; in other words, the high standards of excellence taken in every part of the project results in the best quality. But the owner has to pay for that.

It's said that Dutch and German yachts have the best quality finished and they are the most expensive ones because of that. In the second position would be Italian and Australian boats, English yachts the third and American in the last position, being for that reason the less expensive. But it can't be generalized.

In this megayacht market the number of owners who would pay more for better quality is bigger than those who would sacrifice it to pay less. I will discard the third segment, (people who prefer sacrifice some quality and pay less) for that reason. The first and second segments, (people who want the best quality and they don't mind paying more for that and those who really mind pay so much for it), can be satisfied by Nevesbu because its products don't reduce quality per price.



- **Size:** According to the size three segments were defined:

- 1) Less than 30meters.
- 2) 30- 50 meters.
- 3) Up to 50 meters.

In the motoryacht sector, the three segments are in growth as it was said in the analysis of the market.

- The 24-m-30-m orders have grown from 137 in 2001, through 176 orders in 2002 and 197 in 2003. Therefore this is a very healthy sector.
- I will split the 30-50 meters segment in two:
30-40m: for the past few years this has been a healthy segment.
40-50m : the number of yachts ordered has declined in a 12% this year. This demonstrates that the majority of the deliveries in 2003 have been from this segment.
- Up to 50m: has remained static this year, but it has had significant launches in 2003. There are further orders and signings on the horizon that make think that this sector will have a positive trend in 2004 and beyond.

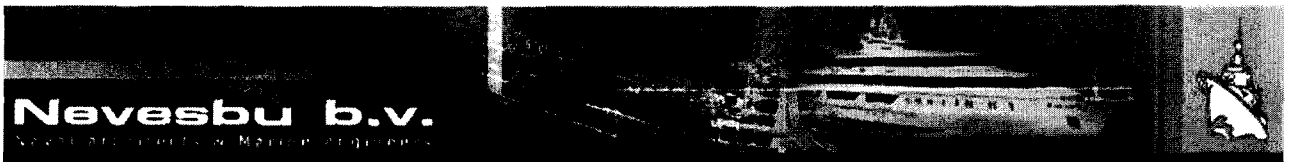
In the sailing sector, the three segments are in decline as it was said in the analysis of the market.

The number of projects in the segment "less than 30m" is bigger than the others segments. That is because there are more owners who are able to buy this type of boats and who really mind not having enough space to come alongside their yachts in any marina around the world. Other reasons are because there are more yards which are able to build them and the time to finish them is shorter. (Bigger yachts required more facilities in the yards, more time to build them and are more complicated to design).

- **Speed:** Most of the megayachts built until now are displacement boat, which have maximum speed about 17 knots. They are the 95% of the market. Semi displacement boats are much faster and much more expensive and they have maximum speed about 35-36 knots. They are the 5% of the market. The other type of yachts which could satisfy customers wants of speed are the speed boat. They are planning and get more than 35 knots.

Most of the owners prefer having displacement boats, but the ones which have been built until now don't satisfy in short to the owners who would prefer to travel in faster boats. This people belong to the segment "people who love speed and want to run very much with his boat".

The segment "people whom speed is not so important, they prefer a slower boat" will be satisfied with the megayachts which maximum speed is about 17 knots.



- **Price:** Depending on the yacht people want to buy, the price will change. Bigger boats are more expensive, more quality requires more money... More or less 10000 people world-wide are potential customers. Nevesbu will have to think before selecting a group of people to target, which product they want to sell and the price of it.

Depending on the features of the yacht that Nevesbu is designing and the price that it would cost to be built, the three segments defined in the segmentation's section are possible options to target.

But there are not so many people who can afford these prices. As much expensive is a yacht, the less people can pay it.

- **Use of the boat:** Statistics show that 90% of private owners do not use their yachts more than 4-5 weeks per year. The rest of the time the yacht can be in port, but what most of the owners do is charter it. Some of them do this in order to earn some money (the maintenance of the yacht is very expensive). Others do this because the crew get really boring staying in port such a long time.

A yacht which is going to be used for chartering will have to be subjected to some regulations. This is the most attractive segment. But within the segment of private owners, the numbers of people who charter their boats is increasing too. So, this will be the healthiest segment to target.

The other 10% of the private owners are those who use it commercial use.

- **Time:** according to the time that an owner is willing to wait to get his yacht, three segments were found. Each one corresponds to different types of yachts:

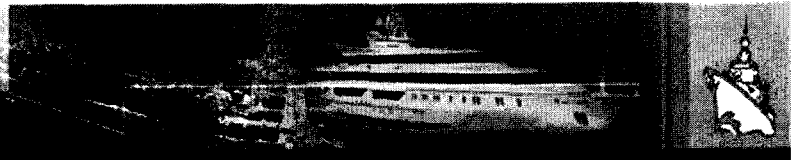
- People who don't want to wait and want immediate delivery: second hand yachts, line vessels.
- People who are willing to wait but not very long: semi-custom (or custom series production). These are yachts built in a series production hull, with custom interiors and even superstructures.
- People who would wait as much time as it's necessary: custom yachts. These are individual customize projects.

- **Where you use the boat:** the two segments that can be found according to the place where the owner is going to use the boat will have different needs. The owners who want to use the yacht in rough waters and make long trips will need a boat stronger, tested under all weather conditions... Nevesbu has naval defence experience in boat of these features, so they would be good at targeting this segment.

Owners who want to use the boat only for day tripping and partying won't need such type of boat.

- **Interest of the owners:** the segments which were defined based on the interest owners will be satisfied with different types of boats:

- Owners interested in ocean crossing and long distance cruising: will be satisfied with cruising yachts. The use of yachts for private cruising is increasing.



- Owners interested in oceanographic and in making expeditions around the world: will be satisfied with expedition yachts
- Owners interested in American's Cup and other sailing competitions: will be satisfied with sailing yachts
- Owners interested in having a yacht easily handle and fast: will be satisfied with open yachts

The numbers of cruising yachts orders are the only which are growing recently. The expedition yacht category dropped 9% from units posted in the 2003 order book. Orders for open-class boats dropped 3.8% this year. And the sailing yachts orders are in decline.

• **Requirements of the owners:** basing how much owners' requirements are presented in the yacht they buy, the three segments which were defined will be satisfied with:

- People who want to decide themselves everything about the boat: custom yachts
- People who want a boat adjusted to his requirements: custom or semi-custom yachts
- People who doesn't mind if the boat is adjusted to their requirements: semi-custom and second hand yachts

• **Depending in how much the owners participate in the project of the yacht:**

Three segments were defined, but only two of them Nevesbu will be able to focus in. The company has already a design made, and the owners who want to be involved in the project since the first moment won't like that. They want to be themselves the ones which write a list of requirements and want the design based on that.

On the other hand, there are owners who don't mind being involved in the project since the first moment but they want to participate. They would accept a design but want it to be adjusted to their requirements

And the third segment, owners who are not involved in the project, wouldn't buy a custom yacht. They would buy a yacht already designed or built.

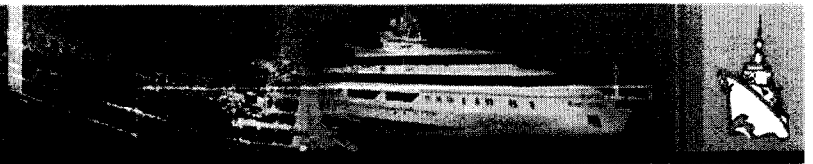
Most of the yachts up to 40 meters are custom yachts.

• **Based on the wants of being different:** the two segments which were defined before, are about uniqueness.

In this megayacht sector, be unique, have a yacht different from the others, is one of the things that owners value most. So, in order to succeed in this business Nevesbu has to offer their clients unique yachts.

• **Based on the way owners buy yachts:**

- Normally, when an owner goes directly to a shipyard is because they have already had relations with them. It will be difficult to target that segment for Nevesbu. The yard will be the one which take control of the project.
- To target the segment of people who directly to a designer, that is to say Nevesbu, first it have to be known. Nevesbu have to get in touch to the



customers in some way. If not, they will never know them and it will be impossible to the customers to contact them directly.

- To target people who go directly to a broker, the company have to sign a contract to a broker. Most of American owners use brokers to buy their yachts.

I will summarize and organized the segments in the next graphic in order to have a better vision of them. Within the cruising yacht segment other segments are found. These can be applied to the expedition yachts, open and sailing yachts too.

Megayachts Consumer Segments

I) SAILINGYACHTS

II) MOTORYACHTS:

II.1) *Expedition Yachts*

II.2) *Open Yachts*

II.3) *Cruising Yachts:*

- Size:
 - 24-30m.
 - 30-50m.
 - Up to 50m.
- Quality:
 - The best
 - Sacrify some quality
- Speed:
 - Much importance
 - Not so important
- Price:
 - Less than 5million euros
 - From5 to 30 million euros
 - Up to 30 million euros
- Use of the boat:
 - Strictly Private use
 - Private use+ charter
 - Commercial use

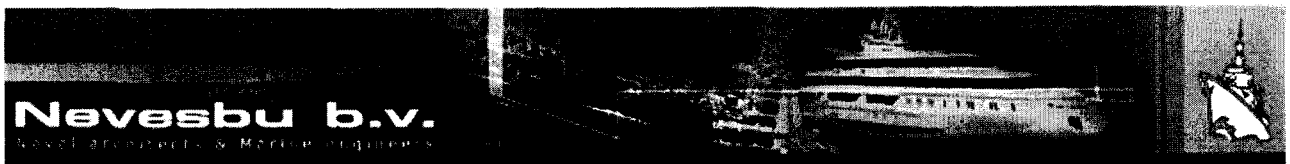


- Time of delivery:
 - Immediate delivery
 - Mind time
 - Don't mind time
- Place where use the boat:
 - Rough waters
 - Calm waters
- Participation in the project and customize:
 - Custom
 - Semi-custom
 - Second hand, Line Vessels
- Way of buying:
 - Directly to a yard
 - Directly to a Designer
 - Directly to a broker
- Differentiation:
 - Yes (unique yachts)
 - No

Segments' selection:

The segments which Nevesbu wants to target are the highlighted ones. They have focused their product in order to satisfy the needs for those who want to make long cruises in rough waters and want a fast boat for that. Speed is something that these owners will valorise very much. Within this segment they want to pay attention to those people who don't want to wait very much for the delivery of their yachts and want a unique yacht adjusted to their requirements. And this product will satisfy the needs for those who want the yacht for private use with possibilities to charter it. It will give the owners the possibility of charter their yachts.

This is the segment that Nevesbu wants to serve with the product that they have been designing. But it could not be the healthiest segment in the megayacht market in this moment. In fact, there are others potential segments that have characteristics that make them generally more attractive. For example the 24-30 m segment has the biggest size, and growth in this moment. It's easier to find a customer within it because the yachts are less expensive and the number of owners who can afford these prices is bigger. In other hand, Nevesbu want to enter in the market with a design up to 40 meters, and most of these yachts are custom yachts. By custom is understood a yacht that starts with a list of customers' requirements. They are individual customize projects.



But when Nevesbu decided to enter in the megayacht largest sector was for one reason: not everybody is able to design this type of boat and they can. There are lot of firms which are building and designing yachts in the 24-30m segment because there are lot of client in it. But the tendency of the yachts is that they are getting bigger and bigger. In a near future, most of these clients will be buying biggest boats. So, with an eye in the future Nevesbu has made the right choice basing on the size.

I should point out that marketing is first. All the decision that Nevesbu has taken about the design should have been made after a deep study of the possibilities that they could have in this megayacht market. Actions are second. They are doing this in the wrong order, but apparently they have chosen well.

6.2.2. Business Market

The best way to get clients in this market is by being well known. The best way to be well known is that your clients get good impressions about the services done. In that case, they will ask for your help when they need it again. These clients have contact to others clients or colleagues, which could be potential customers for you in a future. For this reason, developing close relationships with your customers will help the company to expand their works.

In the Business Market, **continuity** in the way they are doing until now will consolidate the good relationships that Nevesbu has with the shipyards. This will clear the way in the refit & repair and in the naval architect & designer sector.

As it has been said, Nevesbu has excellent engineering power available supported up by to date knowledge, hard and software to perform the full range of naval architecture, marine engineering and design services for megayachts projects.

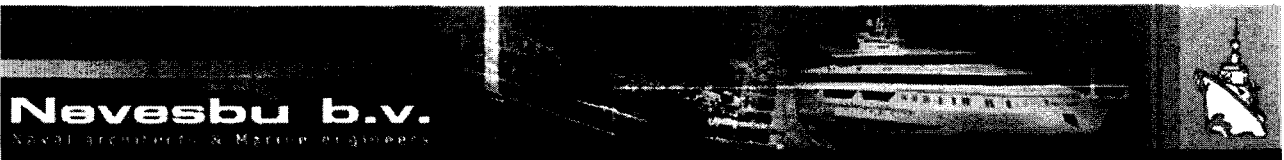
6.3. Marketing Positioning

Positioning is the way the company looks like in the mind of the customers. This is what you want to be in the eyes of the customers. What the company wants to become.

6.3.1. Consumer Market

The first step for positioning was to decide what target segments Nevesbu was going to serve. Once it's done, they will have to determinate of what the business's differential advantage should be- how it can get target customers to prefer it to competitors.

In order to satisfy all the requirements of the segment that Nevesbu has selected to target, they have the design: "*Blue Orvette*", *Fast Ocean Cruising Megayachts series*. A yacht that features a high top-end speed of over 32 knots and a stunning acceleration, but which is also tremendously fast passage maker under all weather conditions. The



design is based on a proven hull design of a naval ship, of which technical performances were thoroughly tested. This will decrease the time of being finished the yacht what will satisfied to those who don't want to wait very much. The design is adjusted to customers' requirements and has been designed for compliance with all relevant regulations and with the best quality. The interiors accommodating 20 (charter) guests and 2 VIP's make it appropriate for chartering or private use.

Nevesbu's differential advantage should be in my opinion SPEED, STRENGTH, EXPERIENCE AND CHOICES.

Speed: the number of owners who want to make private cruising is increasing. The megayachts that have been built until now have a maximum speed at about 18 knots. But Nevesbu is offerings 32 knots. A yacht adjusted to customers needs which fulfill the requirements for cruise ship. For those who want to travel from island to island, cross oceans in less time with his private yacht. This offer an advantage that customer will truly value. There are cruising vessels that get that speed, but they don't fulfil the requirements of a megayacht. They are not adjusted to the luxury and needs that megayacht' owners required.

Strength: the design is based on a proven hull design of a naval ship. Which boats are strongest then these? Based the megayacht design on the strongest boats of the marine industry will result in a tremendously fast passage maker under all weather conditions.

Experience: Their clients have to think that they are very good; that they are capable to design these yachts. Positioning them as the best I don't think this would give advantage over the others competitors. There are already others firms that are selling that image. But they have to be in their customers' mind as very experienced designers, (65 years of experience), who are able to make complete and accurate designs and direct them technically. They have a lot of experience in consultancy and design for much more complicated vessels than yachts, so they will be able to do this in the megayacht sector as well.

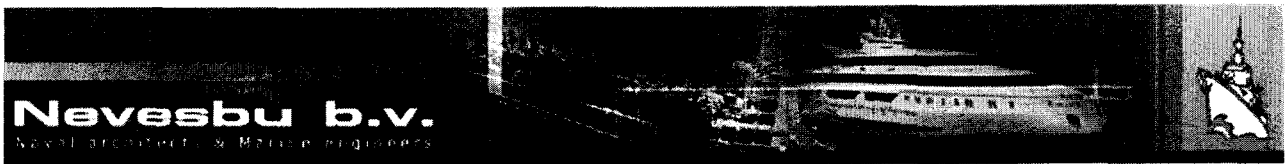
They want to sell complete designs which will reduce the time of delivering, but others are already doing that. So, this won't make them different from the others.

Choices: because they give the clients the opportunity to decide how much they want Nevesbu to get involved in the project, and to decide how they want their yachts to be.

6.3.2. Business Market

Nevesbu is unique amongst Naval Architects and Marine Engineering companies by virtue of the in house availabilities of all disciplines required to cover the complete design of ships.

In-house disciplines include: naval architecture; design and engineering of marine system and HVAC; mechanical engineering and design; structural engineering and design, electrical and instrumentation design and engineering; project management and procurement services.



The structural and mechanical disciplines deserve special mentioning for their extensive capabilities, consequence of the naval experience.

They want to be seen in their customers' eyes as: a *"one-stop-shopping" for naval architecture design and engineering, in where they are the best due to its 65 years of experience with design and engineering in naval architecture and marine engineering*".

Nevesbu has capacity and size as well as availability of the full range of disciplines required for a megayacht project.

6.4. Five Forces

Once the segments that Nevesbu wants to target have been identified and evaluated, it's important to determine the intrinsic long-run profit attractiveness of them. A segment might have desirable size and growth but lack profit potential. Porter has identified five forces that help to determine it.

The study of these five forces will help Nevesbu to better understand the industry context in which they want to operate.

For these reasons, I will discuss them in some detail.

As it was already mentioned in section 2.4., the 5 Forces driving competition are: Potential Entrants, Buyers, Substitutes, Suppliers and Industry Rivalry

6.4.1. Competitive Rivalry

This force describes the intensity of competition among existing firms in an industry.

First of all Nevesbu's competitors should be identified.

Nevesbu has a big project in process. This is not only a yacht's design. I mean design to the drawing of the future yacht. The designers make pictures of different parts of the future yacht: how the exterior was going to be, the decks, details such as the interior stairs...They develop the design concept, how is going to be the yacht in the eyes of the owner. I refer to this to explain that this is one of the potential competitors for Nevesbu: the designers. They have already done the drawings of the project they want to sell. They are designers.

But once the pictures are made, a team of naval architects has to perform this design with the designer's help, and start making ship basic calculations, determine the length and displacement.... Nevesbu has done this too. So, the naval architects will be added to the list of Nevesbu's competitors.

There are naval architects and designers that work by themselves, and others who are part of a yard. For this reason, others possible competitors will be the shipyards which have a team of naval architects and designers within them. Most of them have one.



And other competitors of Nevesbu are the technical consultants; they want to be surveyors of the entire project and supervise it while it's being built, so they want to be technical consultants.

Naval architects & designers and marine engineering companies are competing with Nevesbu in the business market, but I won't deep on that market. I will focus in the new product that Nevesbu wants to sell in the consumer market.

The megayacht industry is currently being controlled by a few powerful companies. This restrains rivalry which is good for someone who wants to enter in the market. The equally sized players try to outdo one another to gain an advantage. Nevesbu will have to do that. It's almost impossible try to face a company which control the market.

Others attributes that influence rivalry are related to the industry's basic conditions. Taken a look to the Order Book, since the last three years a plateau at around 290 projects in build can be seen in the 30-m-plus segment. Perhaps this relates to capacity, which is not a good sign. If the market has excess of capacity will be more difficult to enter in it with a new project. There are many people who want to buy a megayacht but there are not enough places to build them. This type of yachts needs a yard with suitable facilities to build them. This will increase the degree of rivalry.

The market is growing. Although no great significance can be read from year to year as the numbers are small, the general trend appears to be that the number of motor yachts in the 30-39 metre group continues to increase in number each year and that the 50-59 metre category is also growing strongly. This will restrain rivalry. In a growing market, firms are able to improve revenues simply because of expanding market.

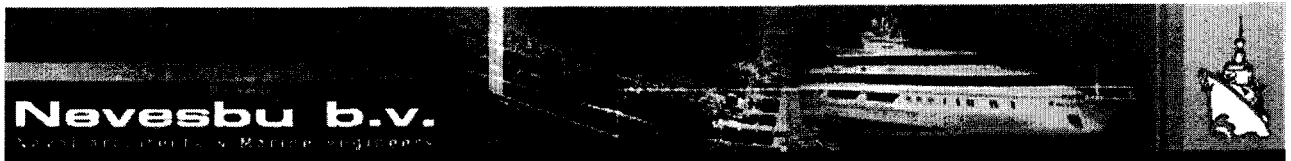
Differentiation is a characteristic of this market. Most of the owners want unique yachts, be different than the others. There are high levels of product differentiation. Brand identification exists too. Characteristic that will decrease the degree of rivalry too.

In summary, Nevesbu's competitors are: Designers, Naval Architects, Shipyards and Technical Consultants. Some attributes that increase rivalry in this industry are: excess of capacity. And attributes that decrease rivalry are: industry controlled by a few powerful companies, market growing, differentiation and brand identification.

6.4.2. Threat of Substitutes

In Porter's model, substitute products refer to products in other industries. The competition engendered by a Threat of Substitute comes from products outside the industry.

These are all products that perform similar functions for customers, not just physically similar products. These are products or services to which customers can turn to satisfy the same basic need.



The basic need that yachts' owners want to satisfy when they buy a yacht is "pleasure and fun for a long time". Later, more can be added to this one. This is the basic need that all the yacht owners share. And, basing on this basic need, variety of products can be substitutes of Nevesbu's product "a Fast Ocean Cruising Megayacht":

- A cruising yacht (not a fast one)
- A sailing yacht
- An expedition yacht
- An open yacht
- A speed boat
- A cruising trip
- A passenger/cruise vessel
- A luxury hotel
- Organized travels (for Holidays)
- A car
- A plane
- ...

The substitutes that should worry most to Nevesbu are the cruising yachts and the passenger vessels for the similarity with its product. Nevesbu design is a small passenger ship, which fulfills both the requirements for yachts as well as for passenger/cruise vessels. But its product has special features that make it different from the cruises vessels and the current megayachts: it's a re-definition of the existing motoryacht concept.

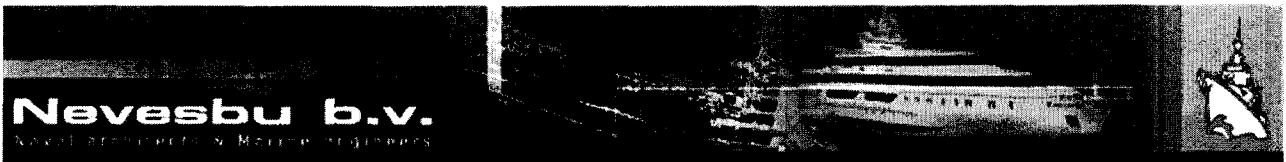
In this market, buyers are not inclined to substitute.

6.4.3. Power of Buyers

This power of buyers is the impact that customers have on a producing industry. In the megayacht industry the owners have a lot of power over the business for several reasons:

- The number of buyers is small: more or less 10000 persons around in the world.
- They have a lot of power, money and know-how (in case they don't have it, they buy it)
- Without a buyer the yacht won't be built and the design won't be sold.
- They decide most of the time how the yacht is going to be.
- The product is not extremely important to the buyer; they can do without it for a period of time.

But this power is sometimes offset in this industry because competitors are very differentiated.



6.4.4. Power of Suppliers

This is how much pressure suppliers can place on a business.

A producing industry requires raw materials- labour, components, and other supplies. This requirements leads to buyer-supplier relationships between the industry and the firm that provide it the raw material used to create products.

Nevesbu won't be affected by the power of suppliers because they have in-house availability of all disciplines required to cover the complete design of the yacht. In other words, they don't need suppliers in order to develop its project.

6.4.5. Threat of New Entrants

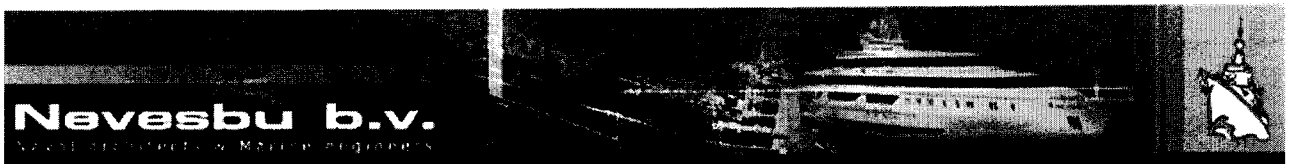
Barriers to entry are unique industry characteristics that define the industry. Barriers reduce the rate of entry of new firms, thus maintaining a level of profits for those already in the industry.

Nevesbu wants to enter in the megayacht industry with a new product, a design. They are a threat for those firms who are already in that business.

So, what it's important for Nevesbu about this force of Mr. Porter is that the barriers to entry in the market, which will be defined next, will be the ones they will have to face.

Some of the barriers that Nevesbu will find to enter in this industry will be:

- Rules and regulations for these kind of "passenger-vessel" yachts are more severe than for the smaller yachts, intended for private use only.
- Incumbent firms have well-established brand names and clearly differentiated products. Nevesbu will have to initiate a large advertising campaign in order to be known which can find uneconomical to undertake.
- Existing loyalty to major brands
- There are not enough available marinas that can place this type of yachts
- Limited number of yards has facilities to build such a big yacht. (Ameles, Oceanco, feadship...)
- Difficulty to contact to owners directly. The use of intermediaries such as brokers could be useful.



6.5. Porter's Strategies

I will explain how these strategies fit to Nevesbu, and it will be their own decision which one to follow.

6.5.1. Cost Leadership Strategy

The idea of this strategy is entering in the market by selling cheaper yachts but offering the same quality than the competitors. The company will have to find out the way of acquiring cost advantages but without making worse products.

In most industries, selling products at average industry prices make the company earn a profit higher than that of rivals. Or, even selling products below the average industry prices helps the company gain market share.

But the luxury industry is different. For example, the more expensive a picture is, the more value it has in the eyes of the customers. The same happen with the luxury cars and of course with the yacht industry. Trying to sell a yacht not very expensive can make the owners doubt about its quality.

In the mega yacht market, the price is important, although the cheapest boat is not the one that it's sold better. Nevesbu's design is a yacht up to 40m. Customers who can afford paying these types of boats don't ask for price first. They ask for quality, perfection, services, choices...and if you are able to fulfil all their requirements, then you can start talking about price. They have a lot of money, power, and would pay for getting their unique yacht, because that is what they want. Be different, be unique.

But, despite of all that I have just mention, people mind price.

When several companies are able to satisfy the same customers' needs and wants, and the yachts' owners rely on the availability of all of them to do that well, *price become a unique selling point.*

This means that the one which make the best offer, will be then who get the client.

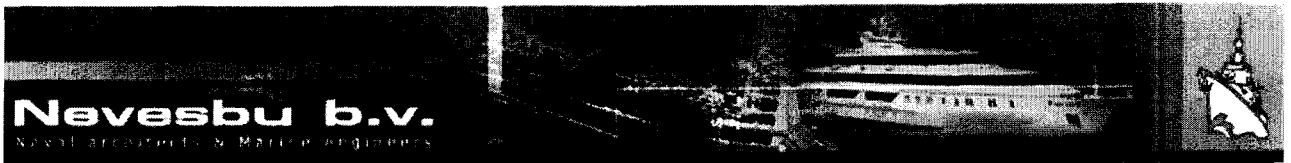
Yachts' owners can afford paying so much but they don't like wasting their money.

Nevesbu will have to be very carefully when thinking about the price of the yacht they are designing. It's as much important a high price as a low price:

A very high price could find a lot of clients that deny for paying as much for the design. This leaves a place for competitors to sell at lower prices. This is not a good choice; you won't be able to enter in the market because there are others companies selling the same as you offering it at lower prices. Nevesbu probably won't get any client.

A low price could be the best solution to enter in this market and beat some competitors. This is what this strategy is about. Nevesbu should price its design at lower prices than competitors in order to attract clients. But doing that implies some risks. Clients would think that maybe your quality is not as good as others brands. Because, why others that have been working in this market area such a long time don't design cheaper yachts?

Another very important risk in deciding to use a low price is that the yard could not be able to finish the project because it could need more money to build the yacht.



So, a low price, although it could be a unique selling point, it could be causing of a failure.

The way that Nevesbu acquire cost advantages is by doing all the megayacht design themselves. They are unique amongst Naval Architects by the in house availabilities of all disciplines required to cover the complete design. They won't have to ask for help to anybody as others are doing. This would make the firm be able to sustain a competitive advantage based on cost leadership.

But the most important risk of this strategy is that other firms may be able to lower their costs as well, thus eliminating the competitive advantage.

In my opinion, when you are not known in this market, (you are a newcomer), using this cost leader strategy in order to enter in it it's not the best choice. This is a business in where the brand name, product differentiation and reliable firms have much impact over the clients. An image that Nevesbu is able to design megayachts at lower prices could make the clients not to rely on their quality and reliability. You are new and small, if biggest companies don't low their prices, why are you able to do that? It will be difficult to convince megayacht's owners that you can design yachts better or equal than companies already set up in the business.

3.5.2. Differentiation Strategy

The idea of this strategy is to develop a product that offers unique attributes that the yachts' owners value. The customers have to perceive that Nevesbu's design is different from or better than the designs of the competitors.

The product that Nevesbu wants to sell must have such unique attributes that customers cannot find substitute products easily.

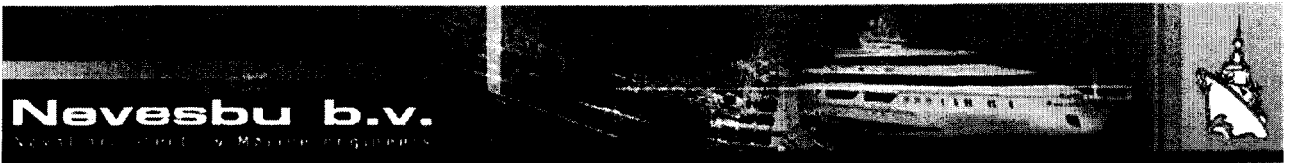
When you are not focussing in a specific segment, it's difficult to find an advantage that all the customers truly value.

The image that Nevesbu want to give is, as I told before, SPEED, STRENGTH, EXPERIENCE and CHOICES in their designs.

In this case, the best that Nevesbu can offer to all the market are CHOICES.

They give the customers the opportunity to decide what they want them to do for them. The opportunity to have a designer, a surveyor, people who really know the project to do the best engineering details works together with the shipyard, and the availability to test the final product too. A company which will offer services to the customers since the moment they decide to buy a design until they are sailing with their yachts around the world.

There is no other company in the megayacht market which is able to give the owner the opportunity to make so many choices.



The difficulty of developing this strategy is that Nevesbu is new in this market, and it will be more difficult for them to find a client that trusts in their availability and capacity to get involved in the entire project.

On the other hand, trying to do so many things in a project like this can make people think that you are not as good as you say. I mean with this that, if you are only designers, you can become the best designer. If you are only surveyors, you can become the best in that. The same for detail engineering works, testing...If you sell an image that you are able to do everything, people can think that you are not really good in nothing. And what they want is perfection, quality..., in the highest standards. They want the best. They will pay for that if it's necessary.

3.5.3. Focus (Cost or Differentiation) Strategy

The idea of this strategy is that Nevesbu concentrates on a narrow segment and within that segment attempts to achieve either cost advantage or differentiation. Doing this, the needs of the group can be better serviced.

The best that Nevesbu could do is try to get a differentiation advantage over the competitors that are serving the segment they have chosen.

Nevesbu's design is a semi-custom design yacht up to 40m. The most of the yachts built until up to 40m are customized yachts. It takes approximately four weeks to show a picture of the future yacht, six months for the design period and about two years to build a yacht until 55m, and three years to build a yacht from 55m to 80m.

Making a design in less time than others competitors would give Nevesbu a differentiation advantage that they could use to target the people who really mind wait so long for their yachts.

In the section about segmentation the segments that Nevesbu wanted to target were selected.

Other differential advantages within that segments which Nevesbu could use to target them is SPEED. No one is serving that segment offering that.

With its product they are proposing a re-definition of the existing motor yacht concept. They are offering to the owners a fast ocean crossing megayacht, a private small passenger vessel but with the luxury and features of a megayacht. The result of this is "the Blue Orvette".



6.6. The model of Ansoff

The model of Ansoff is a tool that helps firms to decide its product and market growth strategy. It shows the four directions in where a business can grow.

But this model is a tool which is useful before taking decisions. Nevesbu should have studied its four possible ways of growing based on this model before acting. But the decision is already taking.

Originally focussing on engineering activities, Nevesbu took the decision to expand its activities to forward design work for the international mega-yacht market. The result was the project of the "Blue Orvette".

What I will do next is explained Nevesbu's situation based on this model and the risk they will have to face with that decision taken.

First of all it has to be defined if they have a new or existing product in a new or existing market. Depending on that, one of the four growth strategies would be applied:

- Market penetration,
- Market development,
- Product development, or
- Diversification.

Is this market new or not for Nevesbu? Nevesbu has been working in the megayacht market over the past seven years. But all their works were for specialist shipyards, for the business market.

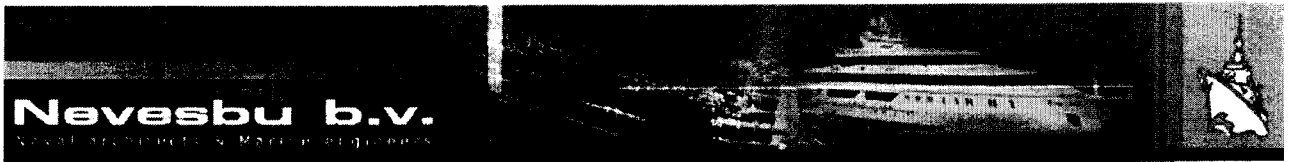
A market consist of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.

The customers that Nevesbu has had until now have different needs that the ones that it wants to get with his new design. They are a different market. The yacht's owners belong to the consumer market. They share a particular need or want that Nevesbu wants to satisfy. This is a new area for Nevesbu. They haven't tried directly to the yachts' owners until so far. They are facing to a new market. For this reason, market penetration and product development strategies can be discarded.

Is this product new or not for Nevesbu? Yes, it is. Nevesbu has been responsible for the design, specifications and engineering of submarines, frigates, transport ships... But this the first time they develop the design of a megayacht, which is very different from the others. So, this is a new product.

Ansoff advises to those who want to enter in a new market with a new product to develop a **Diversification Strategy**.

This is an inherently more risk strategy because the company is moving into a market in which it has little or no experience. This strategy requires learning about new markets and new products.



There are different types of developing a diversification strategy, each with varying characteristics and levels of risk: horizontal diversification, vertical diversification, concentric diversification and conglomerate diversification. (See section 2.6.3, Diversification).

The strategy that Nevesbu decided to follow was: "Concentric diversification". It has started a megayacht design based on knowing how to design naval vessels.

So, with the decision taken by Nevesbu, they are facing to a very high risk and it must have an honest assessment of it.

6.7. *Marketing Planning*

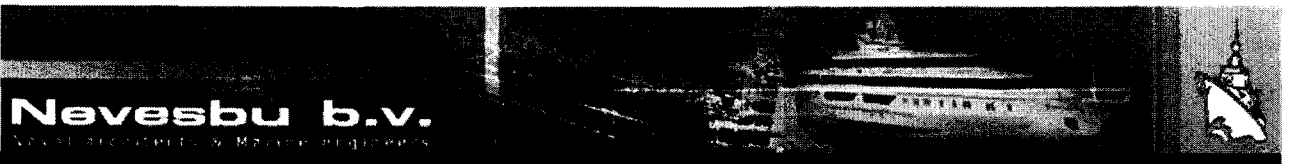
What actions should be taken to carry out the plan?

The decision about which product develop to enter in the market is already taken.

Now, the company have to plan the action that they should take to enter in the market with this product. They have to develop a plan to get a client for their design.

Several actions could be taken:

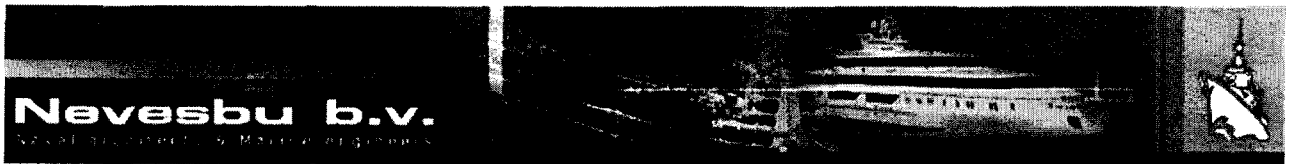
- Sign a contract with a broker. A broker in where the owner encounters degree of professionalism. It will help Nevesbu to find a client for its design.
- Start a marketing campaign: publicity in magazines for the clients and for the industry; Present themselves in magazines, yachts shows...
- Optimize Nevesbu's website. Internet is being a tool for many owners to look for information about yachts. This is a way to be known.
- Decide what they want to be in the eyes of the customers: be clear in the image they want to give them, and maintain that position.



7. GOALS

Nevesbu's goals are the next:

- Long term continuity as engineers and consultants in naval architecture, marine and industrial engineering.
- In the megayacht sector:
 - Continuity with the services that Nevesbu has performed for the dutch shipyards (detail engineering services& consultancy)
 - expand the service package to the mega-yacht market area:
 - to conceptual and basic design
 - to services for shipyards outside The Netherlands.
 - To services for refit&repair yards around



8. CONCLUSIONS

After doing this report I should say that enter in this business with a new product, in where differentiation and brand loyalty is the main characteristic of it, is really difficult. In this megayacht market Nevesbu is not going to attract new buyers, the one who would by its design is already in it. It will be difficult for them to get a client that buys its product instead of the ones who are already in the business. The only way to do that is by offering something different, to a small segment of the market, something than others haven't offered yet.

This is the way to succeed.

Nevesbu wants to re-define the existing motoryacht concept. It's a risk, but if they success, they will be the number one in the Fast Ocean Cruising Megayachts because nobody is doing that nowadays.

With the help of marketing theories and being lucky they can manage that.

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➤ Internet

➤ The Order Book 2004

10. ANNEX

10.1. Megayacht Market Information 2003

COMPLETIONS 2003 BY COUNTRY OF BUILD

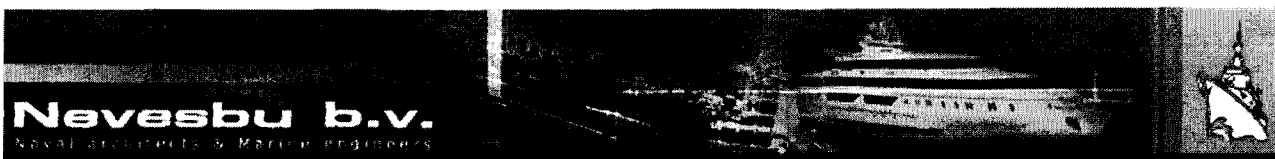
Country	Motor	Sail	Total M&S	% Share	Total Lenght (average lenght)	% share
Australia	5	1	6	4.1%	289.2 m (48.2)m	4.9%
Canada	2	0	2	1.4%	69.5 m (34.8)m	1.2%
China	3	0	3	2.1%	198.5 m (66.2)m	3.3%
Denmark	3	1	3	2.1%	159.4 m (53.2)m	2.7%
Finland	0	3	3	2.1%	107.5 m (35.8)m	1.8%
France	2	4	6	4.1%	223.8 m (37.3)m	3.8%
Germany	6	0	6	4.1%	446.9 m (74.5)m	7.5%
Greece	1	0	1	0.7%	85.3 m (85.3)m	1.4%
Italy	49	3	52	36.1%	1,923.3 m (37.0)m	32.3%
Malaysia	0	1	1	0.7%	35.1 m (35.1)m	0.6%
Netherlands	12	4	16	11.1%	738.4 m (46.2)m	12.4%
New Zealand	4	3	7	4.9%	273.7 m (39.1)m	4.6%
Russia	1	0	1	0.7%	33.0 m (33.0)m	0.6%
Spain	1	1	2	1.4%	80.7 m (40.3)m	1.4%
Twain	1	0	1	0.7%	34.1 m (34.1)m	0.6%
Turkey	5	1	6	4.1%	214.9 m (35.8)m	3.65%
U. Arab Emirates	1	0	1	0.7%	36.0 m (36.0)m	0.65%
United Kingdom	3	1	4	2.8%	131.0 m (32.7)m	2.2%
United States	22	1	23	16.0%	881.5 m (38.3)m	14.8%
TOTAL	120	24	144	100.0%	5,961.7 (41.4 m)	100.0%

COMPLETIONS 2002/2003 OVER 30M BY LOA/TYPE

LOA	Motor/2003	Sail/2003	Total-M&S 2003	Motor/2002	Sail/2002	Total M&S 2002
100+	2	0	2	0	0	0
90-99	1	0	1	1	0	1
80-89	1	0	1	1	0	1
70-79	2	0	2	2	0	2
60-69	3	1	4	5	0	5
50-59	11	1	12	2	3	5
40-49	22	7	29	21	10	31
30-39	78	15	93	71	12	89
TOTALS	120	24	144	104	25	129

COMPLETIONS 2003 BY BUILDER BY METRIC LENGTH

Individual Yards	No. Of yachts	Total lenght (m)	Average lenght (m)
Benetti	11	416.9	37.9
Lurssen	3	299.7	99.9
Azimut	8	247.9	31.0
Amels	4	241.7	60.4
Ferretti Custom Line	7	225.8	32.3
Trinity	5	215.8	43.2
Westport	5	187.6	37.5
Oceanfast	3	180.0	60.0
Perini	3	169.4	56.5
Royal Denship	3	159.3	53.1
Codecasa	3	147.5	49.2
Baglietto	4	144.7	36.2
Feadship	3	136.3	45.4
Lavagna	4	125.5	31.4
Heesen	3	119.9	40.0
Abeking & Rasmussen	2	115.2	57.6
CMN	3	107.5	35.8
Raffles	1	90.9	90.9
Neorlon	1	85.3	85.3

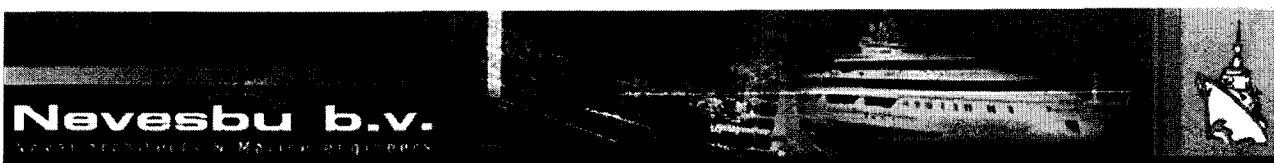


COMPLETIONS 2003 BY HULL MATERIAL

	No. of yachts	2003% share	1993& share	1983% share	1973% share
Steel	34	23.6%	40.3%	37.5%	73.2%
Aluminium	40	27.8%	36.1%	43.7%	11.5%
Composite	67	46.5%	20.8%	9.4%	3.8%
Wood	3	2.1%	2.8%	9.4%	11.5%

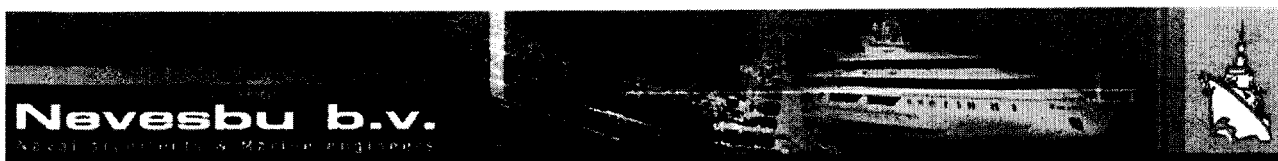
COMPLETION 2003 BY ENGINE MANUFACTURER

Manufacturer	No. of yachts	% share	No. of engines	% share
MTU	72	50.0%	141	51.5%
Caterpillar	44	30.5%	86	31.4%
Deutz-MWM	7	4.9%	14	5.1%
MAN	6	4.1%	11	4.0%
Cummins	4	2.8%	7	2.6%
Lugger	4	2.8%	4	1.8%
Baudouin	1	0.7%	2	0.7%
Perkins	1	0.7%	1	0.4%
Wartsila	1	0.7%	2	0.7%
Yanmar	1	0.7%	2	0.7%
Saildrive (unspec)	3	2.1%	3	1.1%
TOTALS	144	100.0%	274	100.0%



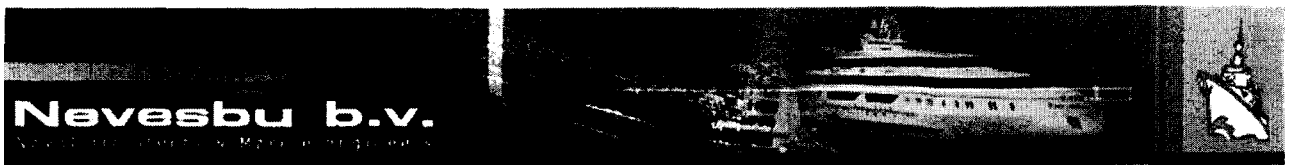
COMPLETIONS 2003-YACHTS OVER 50 METRES

Name	Type	LOA (m)	LOA (ft)	Yard	Country
<i>Octopus</i>	M	126.2	414	Lurssen	Germany
<i>Pelorus</i>	M	115.0	377	Lurssen	Germany
<i>Asean Lady</i>	M	90.9	298	Raffles	China
<i>Annaliesse</i>	M	85.2	280	Neorion	Greece
<i>Princess Mariana</i>	M	76.9	252	Royal Denship	Denmark
<i>Ilona IV</i>	M	73.7	242	Amels	Netherlands
<i>Aussie Rules</i>	M	69.5	228	Oceanfast	Australia
<i>Felicita West</i>	S	63.6	209	Perini Navi	Italy
<i>Apogee</i>	M	62.5	205	Codecasa	Italy
<i>Solemar</i>	M	61.5	202	Amels	Netherlands
<i>Kwikumat</i>	M	58.8	193	Abeking&Rasmussen	Germany
<i>Capri</i>	M	58.5	192	Lurssen	Germany
<i>Zenobia</i>	M	57.3	188	Abeking&Rasmussen	Germany
<i>Sycara III</i>	M	56.5	185	Oceanfast	Australia
<i>Burrasca</i>	S	56.0	184	Perini Navi	Italy
<i>Amnesia</i>	M	55.0	181	Benetti	Italy
<i>La Masquerade</i>	M	55.0	181	Amels	Netherlands
<i>Perfect Prescription</i>	M	54.0	177	Oceanfast	Australia
<i>Noble House</i>	M	53.0	174	Sensation	New Zealand
<i>Amevi</i>	M	52.0	171	Amels	Netherlands
<i>Sai Ram</i>	M	52.0	171	Benetti	Italy
<i>Dream</i>	M	51.8	170	Feadship-van Lent	Netherlands

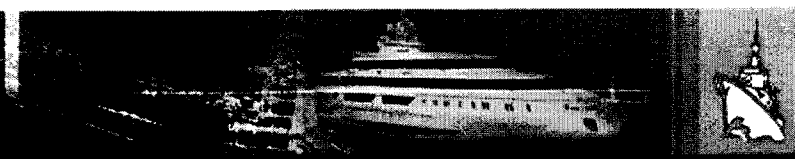


COMPLETIONS 2003 BY OWNER NATIONALITY

By Individual Country:			By Geographical Region:		
Country	No. of yachts	% share	Area	No. of yachts	% share
Australia	5	3.5%	Central & South America	8	5.6%
Brazil	1	0.7%			
Canada	2	1.4%	Europe (inc. Russia/Turkey,etc)	44	30.6%
China/Hong Kong	2	1.4%			
Cyprus	1	0.7%	Far East/Australasia	11	7.6%
Dominican Republic	1	0.7%	North America	51	35.4%
France	2	1.4%	Unknow/Unespecified	20	13.9%
Germany	4	2.8%	Spec. Built	10	6.9%
Greece	4	2.8%			
Italy	8	5.6%	TOTAL	144	100.0%
Mexico	5	3.5%			
Monaco	2	1.4%			
Netherlands	3	2.1%			
New Zealand	3	2.1%			
Russia	4	2.8%			
Spain	2	1.4%			
Sweden	1	0.7%			
Switzerland	3	2.1%			
Turkey	3	2.1%			
United Kingdom	7	4.9%			
United States	49	34.0%			
Venezuela	1	0.7%			
Unknown/Unespecified	20	13.9%			
Spec. Built	10	6.9%			
TOTAL	144	100.0%			

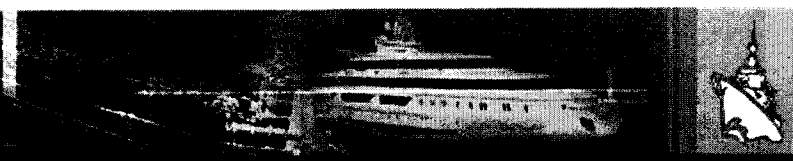


10.2. *Inventory of mega-yachts launched in 2003*

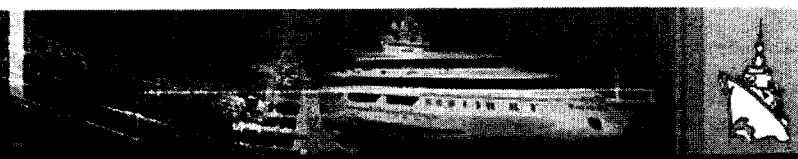


Name	Type	LOA	Builder	Country	Class	Hull	Engines	Guests/Crew
Alexa C2	M	34.75 (114 ft)	Nordlund	USA	-	C	MTU 2 x 1800	-
Amevi	M	52.00 (170.6 ft)	Amels	Holland	LR	S	Cummins 2 x 1200	12/13
Amigo II	M	30.00 (98.4 ft)	Heesen	Holland	AB	A	MTU 2 x 2000	-
Amnesia	M	55.00 (180.44 ft)	Benetti	Italy	LR	S	Caterpillar 2 x 1850	12/14
Andrea	M	38.40 (126 ft)	Delta	USA	LR	C	Caterpillar 2 x 775	10/6
Anjillis	M	37.80 (124 ft)	Trinity	USA	AB	A	MTU 2 x 1800	11/6
Annaliesse	M	85.30 (280 ft)	Neorion	Greece	NV	S	Caterpillar 2 x 2760	36/36
Apache	M	33.40 (109.6 ft)	Baglietto	Italy	RI	A	MTU 2 x 2775	-
Apogee	M	62.50 (205 ft)	Codecasa	Italy	LR	S	Caterpillar 2 x 2260	12/17
April Fool	M	47.50 (155.8 ft)	ISA	Italy	LR	S	MTU 2 x 2365	10/9
Argusea	M	35.97 (118 ft)	Gulf Craft/ Millennium	UAE	AB	C	MTU 2 x 1800	8/4
Asean Lady	M	90.90 (298.2 ft)	Raffles Yacht	China	AB	S	Cat1 x 2000/1 x 600	22/18
Astonda 122/1	M	37.00 (121.4 ft)	Astondoa	Spain	-	C	MTU 2 x 2285	-
Attimo	S	31.45 (103.2 ft)	CMN	France	BV	A	Cummins 1 x 350	11/5
Aussie Rules	M	69.50 (228 ft)	Oceanfast	Australia	LR	A	Caterpillar 2 x 2000	12/14
Axantha	M	37.20 (122 ft)	JFA	France	LR	A	Caterpillar 2 x 475	10/7
Azimut 100/33M		30.48 (100 ft)	Azimut	Italy	-	C	MTU 2 x -	8/4
Azimut 116/11M		35.78 (117.4 ft)	Azimut	Italy	-	C	MTU 2 x 2000	10/-
Azimut 98/14	M	30.18 (99 ft)	Azimut	Italy	-	C	MTU 2 x 2000	8/3
Azimut 98/15	M	30.18 (99 ft)	Azimut	Italy	-	C	MTU 2 x -	8/3
Azimut 98/16	M	30.18 (99 ft)	Azimut	Italy	-	C	MTU 2 x -	8/3
Azimut 98/18	M	30.18 (99 ft)	Azimut	Italy	-	C	MTU 2 x -	8/3
Bellissima	M	38.00 (124.7 ft)	Baglietto	Italy	RI	A	MTU 2 x 2775	8/6
Bellissimo	M	33.38 (109.5 ft)	Overmarine	Italy	AB	C	MTU 2 x 2780	8/3
Betty Jane	M	34.38 (112.8 ft)	Westport	USA	-	C	MTU 2 x 1800	-
Blind Date	M	35.00 (114.8 ft)	Benetti	Italy	AB	C	MTU 2 x 1500	8/6
Blue Belle	M	40.45 (132.7 ft)	Mondomarine	Italy	AB	A	MTU 2 x 2285	10/7
Blue Diamond	M	34.02 (111.6 ft)	Ferretti Custom	Italy	RI	C	MTU 2 x 2775	10/5
Blue Scorpion	M	42.00 (137.8 ft)	Baglietto	Italy	RI	S	Deutz-MWM 2 x 1520	10/8
Blue Sky	M	31.40 (103 ft)	Cheoy Lee	USA	AB	C	MTU 2 x 1800	8/4
Breaker	M	32.00 (105 ft)	Sunseeker	UK	-	C	MTU 2 x 1800	8/3

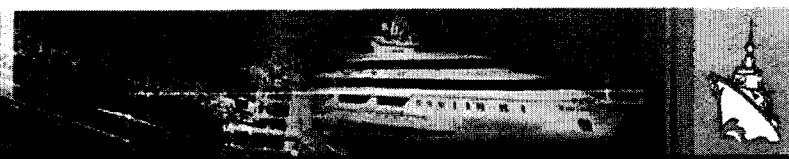
Name	Type	LOA	Builder	Country	Class	Hull	Engines	Guests/Crew
Brianna	M	35.00 (114.8 ft)	Benetti	Italy	AB	C	Caterpillar 2 x 1400	8/6
Broward 268	M	32.20 (105.6 ft)	Broward	USA	-	A	Caterpillar 2 x 1400	8/4
Burna	M	43.28 (142 ft)	Trinity	USA	AB	A	Caterpillar 2 x 2250	10/8
Burrasca	S	56.00 (183.7 ft)	Perini Navi	Italy	AB	A	Deutz-MWM 2 x 1256	12/?
Cameleon-B	M	42.50 (139.4 ft)	Proteksan-Turquoise	Turkey	AB	A	MTU 2 x 2285	10/10
Canica	S	42.93 (140.8 ft)	Baltic	Finland	NV	C	Caterpillar 1 x 745	8/5
Capri	M	58.50 (191.9 ft)	Lurssen	Germany	LR	S	Caterpillar 2 x 1900	12/15
Carina	M	35.05 (115 ft)	Codecasa	Italy	LR	S	Caterpillar 2 x 1100	8/5
C'est la Vie	M	31.10 (102 ft)	Kaiserwerft	Germany	RI	C	MTU 2 x 2000	8/4
Chevy Toy	M	43.28 (142 ft)	Trinity	USA	AB	A	MTU 2 x 1800	10/8
Christoffel's Lighthouse	S	32.40 (106.3 ft)	Holland Jachtbouw	Holland	LR	A	Lugger 1 x 300	6/2
Clarity	M	31.60 (103.7 ft)	Leight-Notika	Turkey	AB	C	MTU 2 x 1800	8/5
Cobra Queen	S	32.00 (105 ft)	Durukos	Turkey	-	W	MAN 2 x 440	10/4
Corrie Lynn	M	39.62 (130 ft)	Westport	USA		C	MTU 2 x 2735	10/7
Costa Brava II	M	30.48 (100 ft)	Azimut	Italy	AB	C	MTU 2 x 2000	10/4
Cover Drive	M	36.50 (119.8 ft)	Palmer Johnson	USA	-	A	MTU 2 x 2285	8/4
Crescent Lady	M	36.88 (121 ft)	Crescent	Canada	-	C	MTU 2 x 1860	10/4
Crystal Lady	M	34.96 (114.7 ft)	Warren	Australia	AB	C	MTU 2 x 2735	8/5
Defiant	M	37.80 (124 ft)	Delta	USA	-	C	MTU 2 x 1800	9/6
Dream	M	51.75 (170 ft)	Feadship-Van Lent	Holland	-	S	Caterpillar 2 x 1520	14/-
Eliza Jean	M	35.00 (114.8 ft)	Benetti	Italy	AB	C	Caterpillar 2 x 1420	8/6
Falcon 100	M	30.70 (100.7 ft)	Falcon Yachts	Italy	RI	C	MTU 2 x 2000	10/5
Falcon 112	M	34.20 (112.2 ft)	Falcon Yachts	Italy	RI	C	Deutz-MWM 2 x 2600	10/5
Felicità West	S	63.64 (208.8 ft)	Perini Navi	Italy	AB	A	Deutz-MWM 2 x 1400	10/12
Ferretti Navetta 100F07	M	30.94 (101.5 ft)	Ferretti Custom	Italy	RI	C	MAN 2 x 1300	8/4
Ferretti Navetta 100F08	M	30.94 (101.5 ft)	Ferretti Custom	Italy	RI	C	MAN 2 x 1300	8/4
Flamingo Daze	M	46.20 (151.6 ft)	Hakvoort	Holland	LR	S	Caterpillar 2 x 1065	10/9
Florence	M	30.48 (100 ft)	Lavagna	Italy	AB	A	MTU 2 x 2285	-



Name	Type	LOA	Builder	Country	Class	Hull	Engines	Guests/Crew
Free Spirit	M	30.48 (100 ft)	Azimut	Italy	-	C	MTU 2 x ?	8/4
Grace	M	40.05 (131.4 ft)	Sijperda	Holland	BV	S	Cummins 2 x 612	10/-
Hatteras 100/8	M	30.48 (100 ft)	Hatteras	USA	-	C	MTU 2 x 1800	8/3
Ilona IV	M	73.70 (241.8 ft)	Amels	Holland	LR	S	Caterpillar 2 x 2635	14/28
Ipanema	S	34.17 (112.1 ft)	McMullen & Wing	NZ	LR	A	Lugger 1 x 425	6/5
Iris	M	30.94 (101.5 ft)	Ferretti Custom	Italy	RI	C	MAN 2 x 1300	10/6
Is a Rose	S	49.80 (163.4 ft)	Perini Navi	Italy	AB	A	Deutz-MWM 2 x 978	-
Janet	M	38.10 (125 ft)	Cheoy Lee	China	AB	C	Caterpillar 2 x 2250	10/8
Jasmin	M	36.84 (120.9 ft)	RMK Marine	Turkey	LR	S	Caterpillar 2 x 670	10/7
Katrion II	M	38.55 (126.5 ft)	Feadship-de Vries	Holland	LR	S	Caterpillar 2 x 620	8/7
Koji	M	44.40 (145.7 ft)	Heesen	Holland	AB	A	MTU 2 x -	-
Kooilust MareM	M	46.00 (151 ft)	CRN	Italy	LR	S	Caterpillar 2 x 1950	10/9
Kwikumat	M	58.80 (193 ft)	Abeking & Rasmussen	Germany	LR	S	Caterpillar 2 x -	-
La Masquerade	M	55.00 (180.4 ft)	Amels	Holland	LR	S	Caterpillar 2 x 1750	10/-
Lady Aleida	M	32.61 (107 ft)	West Bay Sonship	Canada	-	C	MTU 2 x 1800	10/4
Lady Barbarotta	S	32.00 (105 ft)	CMN	France	BV	C	Caterpillar 2 x 425	8/5
Lady Dahlia	M	32.00 (105 ft)	Sunseeker	UK	-	C	MTU 2 x 1800	8/3
Lady Feryal	M	47.00 (154.2 ft)	Fiunicino	Italy	AB	A	MTU 2 x 2770	-
Lalia	M	35.00 (114.8 ft)	Benetti	Italy	AB	C	MTU 2 x 1490	8/6
Libra Star III	M	30.24 (99.2 ft)	Benetti	Italy	AB	C	MTU 2 x 1370	8/5
Maiden Hong Kong	S	35.05 (115 ft)	DK Yachts	Malaysia	-	A	Yanmar 2 x 125	-
Maria Cattiva	S	39.92 (131 ft)	Royal Huisman	Holland	LR	A	MTU 1 x 640	8/7
Mari-Cha IV	S	44.00 (144.4 ft)	CMN	France	-	C	NA	-/24
Mariu	M	49.90 (163.7 ft)	Codecasa	Italy	LR	S	Caterpillar 2 x 2200	14/10
Mea Culpa	M	39.62 (130 ft)	McMullen & Wing	NZ	AB	C	MTU 2 x 2735	8/6
Mia Elise	M	45.72 (150 ft)	Trinity	USA	AB	A	Caterpillar 2 x 2250	10/8
Midnight	S	37.15 (122 ft)	Fitzroy	NZ	LR	A	Caterpillar 1 x 600	8/6
Milk and Honey II	M	38.10 (125 ft)	Palmer Johnson	USA	LR	A	MTU 2 x 1850	10/5



Name	Type	LOA	Builder	Country	Class	Hull	Engines	Guests/Crew
More	M	44.20 (145 ft)	Benetti	Italy	LR	C	Caterpillar 2 x 1325	10/10
My Ellix	M	34.02 (111.6 ft)	Ferretti Custom	Italy	RI	C	MTU 2 x 2000	10/5
My Johanna	M	35.00 (114.8 ft)	Benetti	Italy	AB	C	MTU 2 x 1500	8/6
Mystic	M	45.72 (150 ft)	Christensen	USA	AB	C	MTU 2 x 1820	12/7
Noble House	M	53.03 (174 ft)	Sensation	NZ	AB	S	Caterpillar 2 x 2650	10/11
North Star Lady	M	32.00 (105 ft)	North Star Yachts	USA	AB	C	Caterpillar 2 x 1400	9/4
Octopus	M	126.20 (414 ft)	Lurssen	Germany	LR	S	MTU 4 x -	22/-
Okeanis	M	39.95 (131 ft)	OCEA	France	LR	A	Baudouin 2 x 1100	8/7
PAB	M	30.48 (100 ft)	Lavagna	Italy	AB	A	MTU 2 x 2285	8/5
Pallada	M	33.00 (108.2 ft)	Moskovskiy - MCC3	Russia	RS	S	Caterpillar 2 x 385	-
Pantaran	M	33.00 (108.2 ft)	Lavagna	Italy	AB	A	MTU 2 x 2285	-
Pelorus	M	115.00 (377.3 ft)	Lurssen	Germany	LR	S	Wartsila 2 x 3600	18/40
Perfect Prescription	M	54.00 (177.1 ft)	Oceanfast	Australia	NV	S	MTU 2 x 2365	10/12
Perpetual	M	30.24 (99.2 ft)	Benetti	Italy	AB	C	Caterpillar 2 x 1400	8/5
Phoenix	M	36.20 (118.8 ft)	Leight-Notika	Turkey	BV	C	MTU 2 x 1835	8/5
Planet 110S	M	34.00 (111.5 ft)	New Versilcraft	Italy	RI	C	Deutz-MWM 2 x 2285	8/4
Princess Mariana	M	76.90 (252.2 ft)	Royal Denship	Denmark	LR	S	Deutz-MWM 2 x 3180	-
Principessa	M	30.48 (100 ft)	Lavagna	Italy	AB	A	MTU 2 x 2285	8/5
Private Lives	M	36.84 (120.9 ft)	RMK Marine	Turkey	LR	S	Caterpillar 2 x 670	10/7
Rahal	M	46.50 (152.6 ft)	Feadship-Van Lent	Holland	LR	S	Caterpillar 2 x 1000	12/12
Ranger	S	41.54 (136.3 ft)	Royal Denship	Denmark	LR	S	Lugger 1 x 425	-
Red Sky	S	30.20 (99.1 ft)	Nautor	Finland	BV	C	Perkins 1 x 265	6/4
Rubeccan	M	34.02 (111.6 ft)	Ferretti Custom	Italy	RI	C	MTU 2 x 2000	10/5
S.Q.N.	M	38.60 (126.6 ft)	Alloy Yachts	NZ	LR	A	Caterpillar 2 x 1450	8/5
Sai Ram	M	52.00 (170.6 ft)	Benetti	Italy	LR	S	Caterpillar 2 x 1800	12/14
Salvaje	M	32.00 (105 ft)	Overmarine	Italy	AB	C	MTU 2 x 2280	-
Saramour	M	30.48 (100 ft)	Baglietto	Italy	RI	A	MTU 2 x 2000	8/4
Scheherazade	S	47.12 (154.6 ft)	Hodgdon	USA	LR	W	MTU 1 x 965	6/-
Sea Wish	M	36.12 (118.5 ft)	D'Amato	Italy	RI	S	MTU 2 x 1800	12/5



Name	Type	LOA	Builder	Country	Class	Hull	Engines	Guests/Crew
Seahawk	M	45.72 (150 ft)	Trinity	USA	AB	A	Caterpillar 2 x 2250	10/8
Seaquest	M	34.38 (112.8 ft)	Westport	USA	-	C	MTU 2 x 1800	8/3
Serendipity	M	39.62 (130 ft)	Westport	USA	-	C	MTU 2 x 2735	10/7
Silverfox	M	44.20 (145 ft)	NQEA	Australia	AB	A	MTU 2 x 3700	8/9
Sirea	M	34.14 (112 ft)	Horizon	Taiwan	NV	C	MTU 2 x 1480	-
Sis W	M	38.62 (126.7 ft)	Burger	USA	AB	A	Caterpillar 2 x 1300	10/8
Smooth Operator	M	32.00 (105 ft)	Sunseeker	UK	RI	C	MTU 2 x 2000	10/6
Sojana	S	34.97 (114.7 ft)	Green	UK		C	NA	-/5
Solemar	M	61.50 (201.8 ft)	Amels	Holland	LR	S	Caterpillar 2 x 2635	16/12
Sovereign Lady	M	41.15 (135 ft)	Sovereign NZ	NZ	-	C	MTU 2 x 2775	10/7
Susanna Bella	M	32.22 (105.7 ft)	Lazzara	USA	-	C	MTU 2 x 1800	10/4
Swan 112/005	S	34.34 (112.7 ft)	Nautor	Finland	BV	C	MTU 1 x 415	-
Sweet Doll	M	46.00 (150.9 ft)	Heesen	Holland	AB	A	MTU 2 x 3700	10/9
Sycara III	M	56.50 (185.4 ft)	Oceanfast	Australia	LR	S	Caterpillar 2 x 1750	10/14
SYL	S	43.66 (143 ft)	Barcos Deportivos	Spain	LR	A	MTU 1 x 750	8/8
Top Times	M	34.14 (112 ft)	Burger	USA	AB	A	Caterpillar 2 x 800	10/5
Tradition	M	30.24 (99.2 ft)	Benetti	Italy	AB	C	MTU 2 x 1370	8/5
Unforgettable	M	41.00 (134.5 ft)	Royal Denship	Denmark	NV	C	Caterpillar 2 x 570	8/7
Unica	M	30.10 (98.6 ft)	Pisa	Italy	AB	C	MTU 2 x 2000	10/2
Vaimiti	S	39.20 (128.6 ft)	Trehard	France	BV	A	MAN 1 x 500	10/5
Vango	M	39.62 (130 ft)	Westport	USA		C	MTU 2 x 2735	10/7
Wallypower	M	36.00 (118 ft)	Wally/ Intermarine	Italy	NV/RI	C	DDC 3 x 5600/ Cummins 2 x 370	6/4
Wellenreiter	S	45.02 (147.7 ft)	Jongert	Holland	LR	S	MTU 1 x 714	-
Whisper	S	35.45 (116.3 ft)	Holland Jachtbouw	Holland	LR	A	Lugger 2 x 300	7/5
Wild Thing/ Skandia	S	30.00 (98.4 ft)	Hart Marine	Australia	-	C	NA	-/18
Zana	S	30.00 (98.4 ft)	Hakes	NZ	C	-	-	-
Zenobia	M	57.30 (118 ft)	Abeking & Rasmussen	Germany	LR	S	Caterpillar 2 x 1870	14/13
Ziacanaia	M	30.94 (101.5 ft)	Ferretti Custom	Italy	-	C	MAN 2 x 1300	8/4

Abbreviations Type: M - Motor Yacht; S - Sailing Yacht

Abbreviations Hull: S - Steel; A - Aluminium; C - Composite; W - Wood

Abbreviations Class: LR - Lloyd's Register; AB - American Bureau; BV - Bureau Veritas; NV - Norske Veritas; RI - Registro Italiano; RS - Russian Register

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10.3. Number of Yachts completed in 2003 by Individual countries, yards and size.

ITALY	year 2003		
	30 to 40 m	up to 40m	Total
Benetti	8	3	11
Codecasa	1	2	3
ISA	0	1	1
Mondomarine	0	1	1
Baglietto	3	1	4
CRN	0	1	1
Fuimicino	0	1	1
Azimut	8	0	8
Overmarine	2	0	2
Ferretti Custom	7	0	7
Falcom Yachts	2	0	2
Lavagna	4	0	4
New Versilcraft	1	0	1
D'Amato	1	0	1
Pisa	1	0	1
Wally/Intermarine	1	0	1
TOTAL	39	10	49

USA	year 2003		
	30 to 40 m	up to 40m	Total
Nordlund	1	0	1
Delta	2	0	2
Trinity	1	4	5
Westport	5	0	5
Cheoy Lee	1	0	1
Broward	1	0	1
Palmer Johnson	2	0	2
Hatteras	1	0	1
Christensen	0	1	1
North Star Yachts	1	0	1
Burguer	2	0	2
Lazzara	1	0	1
TOTAL	18	5	23

CANADA	year 2003		
	30 to 40 m	up to 40m	Total
Crescent	1	0	1
West Bay Sonship	1	0	1
TOTAL	2	0	2

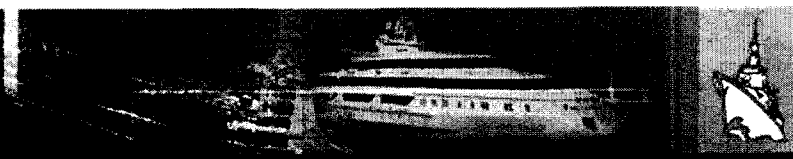
HOLLAND	year 2003		
	30 to 40 m	up to 40m	Total
Amels	0	4	4
Heesen	1	2	3
Feadship	1	2	3
Hakvoort	0	1	1
Sijperda	0	1	1
TOTAL	2	10	12

GERMANY	year 2003		
	30 to 40 m	up to 40m	Total
Lurssen	0	3	3
Kaiserwerft	1	0	1
Abeking&Rasmussen	0	2	2
TOTAL	1	5	6

FRANCE	year 2003		
	30 to 40 m	up to 40m	Total
CMN	2	0	2
JFA	1	0	1
OCEA	1	0	1
TOTAL	4	0	4

DENMARK	year 2003		
	30 to 40 m	up to 40m	Total
Royal Denship	0	2	2
TOTAL	0	2	2

FINLAND	year 2003		
	30 to 40 m	up to 40m	Total
Baltic	0	1	1
Nautor	1	0	1
TOTAL	1	1	2



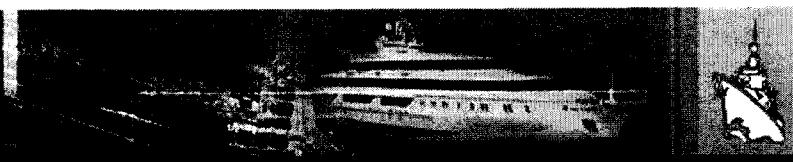
UK	year 2003		
	30 to 40 m	up to 40m	Total
Sunseeker	3	0	0
TOTAL	3	0	0

SPAIN	year 2003		
	30 to 40 m	up to 40m	Total
Astondoa	1	0	1
Barcos deportivos	0	1	1
TOTAL	1	1	2

TURKEY	year 2003		
	30 to 40 m	up to 40m	Total
Proteksan-Turquoise	0	1	1
Leight-Notika	2	0	2
Durukos	1	0	1
RMK Marine	2	0	2
TOTAL	5	1	6

GREECE	year 2003		
	30 to 40 m	up to 40m	Total
Neorion	0	1	1
TOTAL	0	1	1

RUSSIA	year 2003		
	30 to 40 m	up to 40m	Total
Moskovskiy-MCC3	1	0	1
TOTAL	1	0	1



UNITED ARAB EMIRATES	year 2003		
	30 to 40 m	up to 40m	Total
Gulf Craft/Millennium	1	0	1
TOTAL	1	0	1

AUSTRALIA	year 2003		
	30 to 40 m	up to 40m	Total
Oceanfast	0	3	3
Warren	1	0	1
NQEA	0	1	1
TOTAL	1	4	5

NEW ZEALAND	year 2003		
	30 to 40 m	up to 40m	Total
McMullen&Wing	1	0	1
Sensation	0	1	1
Alloy Yachts	1	0	1
Sovereign NZ	0	1	1
TOTAL	2	2	4

CHINA	year 2003		
	30 to 40 m	up to 40m	Total
Raffles Yacht	0	1	1
Cheoy Lee	1	0	1
TOTAL	1	1	2

TAIWAN	year 2003		
	30 to 40 m	up to 40m	Total
Horizon	1	0	1
TOTAL	1	0	1



10.4. Current construction projects at the several shipyards

Current Construction Projects

Hull No./Name	Type	LOA	Engines	Hull Material Class	Naval Architect, Int. Des.	Owner Nationality	Launch Date
Americas							
Astilleros Tarrab S.A.							
116/23	MY	35.35m/116'	Caterpillar C30, 1550hp	Composite	In-house	-	2005
112/25	MY	35.35m/116'	Caterpillar C30, 1550hp	Composite	In-house	-	2006
112/26	MY	34.13m/112'	Caterpillar C30, 1550hp	Composite	In-house	-	2007
Broward Yachts Inc							
553	MY	32.30m/106'	2 x Caterpillar 3412, 1550hp	Aluminium	NA	Broward Yachts/Lauren Currell	04/04
Burger Boat Company							
ACS Project	MY	32.30m/106'	2 x Caterpillar, 1550hp	Aluminium	ABS	Don O'Keeffe/Burger Design Team	04/04
Tenacity/#502	MY	35.35m/116'	Caterpillar	Aluminium	-	Burger Design Team	08/05
Christensen Shipyards Ltd							
026	MY	47.24m/155'	2 x MTU 12V4000	Composite	ABS, MCA	Christensen Shipyards/Christensen Shipyards & Williamson McCarter & Assoc.	Spring 2004
Liquidity/027	MY	47.85m/157'	2 x MTU 12V4000	Composite	ABS, MCA	Christensen Shipyards/Christensen Shipyards & Williamson McCarter & Assoc.	Fall 2004
CMI Yachts							
10001	MY	30.48m/100'	2 x Caterpillar 3406	Steel	Lloyd's	Jon Overing/JC Espinosa	08/04
10002	MY	30.48m/100'	2 x Caterpillar 3406	Steel	Lloyd's	Jon Overing/JC Espinosa	01/05
Crescent Custom Yachts, Inc							
NA	MY	35.05m/115'	2 x DDC-MTU 16V2000	Composite	-	Jack Sarin/Crescent Custom Yacht Design	Fall 2004
Delta Marine							
163001	MY	49.68m/163'	2 x Caterpillar 3508	Composite	ABS	Delta Design Group	3rd quarter 04
164001	MY	49.98m/164'	2 x Caterpillar 3512	Composite	ABS	Delta Design Group	1st quarter 05
Hargrave & Monte Fino Custom Yachts, Inc.							
Missy B II/HAR115-635	MY	35.05m/115'	Caterpillar 3412, 1400hp	Composite	-J. B.	Hargrave Yacht Design/Shelley Higgins	08/04
Hatteras Yachts							
Hatteras 100	MY	30.61m/101'	MTU 16V2000	Composite	-	Hatteras Yachts Engineering Team/ Interior Design Team	08/04
Hatteras 100	MY	30.61m/101'	MTU 16V2000	Composite	-	Hatteras Yachts Engineering Team/ Interior Design Team	01/05
Lazzara Yachts							
106-05	MY	32.30m/106'	2 x DDC/MTU 2000, 1800hp	Composite	NA	Lazzara Yachts/Lazzara Design Studio	05/04
106-06	MY	32.30m/106'	2 x DDC/MTU 2000, 1800hp	Composite	NA	Lazzara Yachts/Lazzara Design Studio	10/04
Millennium Super Yachts Inc.							
The World is Not Enough/ Millennium 140	MY	42.67m/140'	2 x Paxman 18VP185/ 2 Lycoming TF40	Aluminium	-	Mulder Design	Spring 2004
Nordlund Boat Co. Inc.							
10803	MY	34.13m/112'	2 x MTU 12V2000	Composite	NA	Edwin Monk N.A./Pokela Design	Winter 2004
10703	MY	33.52m/110'	2 x MTU 16V2000	Composite	NA	Edwin Monk N.A./Alexander Design Studio	Summer 2005
North American Yachts & Shipbuilding							
Genesis 154	MY	47.00m/154'	2 x Caterpillar 3512	Aluminium	ABS, MCA	Sergio Cutolo/Luiz DeBasto	2005
North Star Yachts							
North Star 100/#100-004	MY	30.48m/100'	2 x MTU 12V2000	Composite	ABS	Jack Sarin/Sylvia Bolton Design Inc	08/04
Northern Marine, Inc.							
#1	MY	38.70m/127'	2 x Detroit 12V2000	Composite	MCA	Setzer Design Group	Summer 2004
#2	MY	45.72m/150'	2 x Caterpillar 3508	Composite	MCA	Setzer Design Group	Summer 2004
Palmer Johnson Yachts							
PJ123-1	MY	37.49m/123'	2 x MTU	Composite	DNV	PJ/Nuvolari Lenard	07/04
PJ120-2	MY	36.57m/120'	2 x MTU	Aluminium	-	Hunt/Nuvolari Lenard	12/04
PJ123-2	MY	37.49m/123'	2 x MTU	Composite	DNV	PJ/Nuvolari Lenard	02/05
Trinity Yachts, Inc							
White Star/029	MY	47.24m/155'	Caterpillar 3512B	Aluminium	ABS, MCA	Trinity Yachts/Dee Robinson	2004
Wheeler/028	MY	47.85m/157'	Caterpillar 3512B	Aluminium	ABS, MCA	Trinity Yachts/Scott Carpenter	2004
032	MY	47.54m/156'	Caterpillar 3512B	Aluminium	ABS, MCA	Trinity Yachts/TBD	2005
030	MY	47.85m/157'	Caterpillar 3516HD	Aluminium	ABS, MCA	Trinity Yachts/Evan Marshall	2005
031	MY	47.85m/157'	Caterpillar 3512B	Aluminium	ABS, MCA	Trinity Yachts/TBD	2005
Mia Elise/027	MY	54.86m/180'	Caterpillar 3512B	Steel	ABS, MCA	Trinity Yachts/Dee Robinson	2005
Westport Shipyard Inc							
Westport 112	MY	34.13m/112'	MTU/DDC 16V2000, 1800hp	Composite	NA	Taylor Olson & Westport/ Pacific Custom Interiors	



Hull No./Name	Type	LOA	Engines	Hull Material	Class	Naval Architect, Int. Des.	Owner Nationality	Launch Date
Westport 112	MY	34.13m/112'	MTU/DDC 16V2000, 1800hp	Composite	NA	Taylor Olson & Westport/Pacific Custom Interiors	-	-
Westport 130	MY	39.62m/130'	MTU/DDC 12V4000, 2735hp	Composite	NA	Bill Garden & Greg Marshall/Pacific Custom Interiors	-	-
Westport 130	MY	39.62m/130'	MTU/DDC 12V4000, 2735hp	Composite	NA	Bill Garden & Greg Marshall/Pacific Custom Interiors	-	-
Westport 130	MY	39.62m/130'	MTU/DDC 12V4000, 2735hp	Composite	NA	Bill Garden & Greg Marshall/Pacific Custom Interiors	-	-
Westport 164	MY	49.98m/164'	MTU/DDC	Composite	NA	William Garden/Donald Starkey	-	Early 2006

Westship World Yachts

My Boardwalk/21	MY	44.19m/145'	MTU 12VH000, 2735hp	Composite	Lloyd's	Jack Sarin/WWY	American	02/04
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Europe

Abejing & Rasmussen

6465	MY	44.50m/146'	MTU	-	-	Langton	-	05/04
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Aegean Yacht Services

31	SY	39.00m/128'	2 x MAN, 676hp	Steel	RINA	Yavuz Osman Mete	Turkish	08/04
29	MY	32.00m/105'	2 x Cummins, 650hp	Steel	-	Yavuz Osman Mete	Turkish	04/05

ALSTOM Marine (Chantiers de l'Atlantique)

829	MY	71.00m/233'	MTU/Caterpillar	Steel	Lloyd's	Tim Heywood/Terence Disdale	-	Summer 2005
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Amels Holland BV

443	MY	52.00m/171'	2x Cummins KTA 38M2, 896kW/1800rpm	Steel & Alum	Lloyd's, MCA	Amels/Cabinet Alberto Pinto	-	Spring 2004
445	MY	49.30m/162'	2x MTU 12V2000M70, 88kW/2100rpm	Steel & Alum	Lloyd's, MCA	Amels/Donald Starkey Designs	-	Summer 2004
446	MY	68.50m/224'	2x Caterpillar 3516B, 1770kW/1600rpm	Steel & Alum	Lloyd's, MCA	Amels/Walter Franchini	-	Spring 2005
447	MY	58.00m/190'	2x Caterpillar 3516B, 1770kW/1600rpm	Steel & Alum	Lloyd's, MCA	Amels/Andrew Winch Design	-	Spring 2006
449	MY	64.50m/212'	2x Caterpillar 3516C, 1641kW/1800rpm	Steel & Alum	Lloyd's, MCA	Amels/Terence Disdale Design	-	Spring 2006

Azimut S.p.A

Azimut 116/12	MY	35.66m/117'	MTU 2000	Composite	-	Righini/Galeazzi	Mexican	02/04
Azimut 100/34	MY	30.48m/100'	MTU 2000	Composite	-	Righini/Zuretti	Australian	03/04
Azimut 116/14	MY	35.66m/117'	MTU 2000	Composite	-	Righini/Galeazzi	Mexican	05/04
Azimut 116/15	MY	35.66m/117'	MTU 2000	Composite	-	Righini/Galeazzi	American	11/04

Baltic Yachts

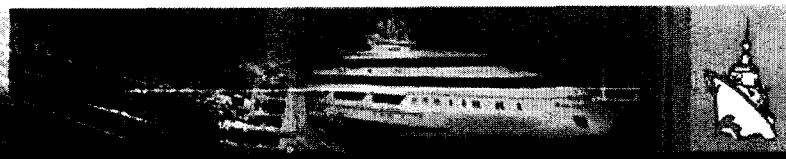
Baltic 152	SY	46.21m/152'	Caterpillar C18D, 635kW(875hp)/2200 rpm	Composite	DNV	Judel & Vrolijk/Design Unlimited	-	2006
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Benetti

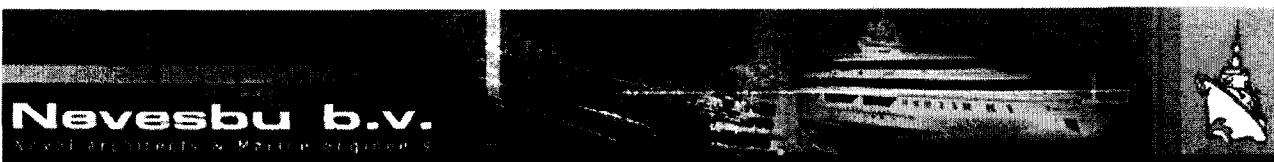
BT 4	MY	30.00m/100'	2 x MTU 12V2000 M90	Composite	ABS	Benetti, Righini & Zuretti	European	Spring 2004
BC 21	MY	35.00m/115'	2 x MTU 12V2000 M90	Composite	ABS	Benetti, Righini & Zuretti	European	Spring 2004
BC 22	MY	35.00m/115'	2 x MTU 12V2000 M90	Composite	ABS	Benetti, Righini & Zuretti	European	Spring 2004
BC 23	MY	35.00m/115'	2 x MTU 12V2000 M90	Composite	ABS	Benetti, Righini & Zuretti	Central American	Spring 2004
Domani, RV 3	MY	45.00m/148'	2 x Caterpillar 3508B	Composite	Lloyd's	Benetti, Righini & Zuretti	American	Spring 2004
BV 4	MY	45.00m/148'	2 x Caterpillar 3508B	Composite	Lloyd's	Benetti, Righini & Zuretti	European	Spring 2004
Jo/FB 230	MY	50.00m/164'	2 x MTU 12V396 TE94	Steel	ABS	Benetti, Natucci & Zuretti	European	Spring 2004
Orion/BT 5	MY	30.00m/100'	2 x MTU 12V2000 M90	Composite	ABS	Benetti, Righini & Zuretti	European	Winter 2004
BT 8	MY	30.00m/100'	2 x Caterpillar 3412E	Composite	ABS	Benetti, Righini, Zuretti & Lowe	American	Winter 2004
BT 9	MY	30.00m/100'	2 x Caterpillar C18	Composite	ABS	Benetti, Righini & Zuretti	European	Winter 2004
BC 24	MY	35.00m/115'	2 x Caterpillar 3412 E	Composite	ABS	Benetti, Righini & Zuretti	Central American	Winter 2004
BC 25	MY	35.00m/115'	2 x MTU 12V2000 M91	Composite	ABS	Benetti, Righini & Zuretti	Far East	Winter 2004/Early 2005
BV 5	MY	45.00m/148'	2 x Caterpillar 3508B	Composite	Lloyd's	Benetti, Righini & Zuretti	European	Winter 2004/Early 2005
FB 225	MY	56.00m/184'	2 x Caterpillar 3512B	Steel	-	Benetti, Natucci & Zuretti	NA	Winter 2004/Early 2005
Ambrosia III/FB 231	MY	65.00m/213'	Diesel Electric propulsion (Azipod)	Steel	Lloyd's	Benetti, Natucci & Zuretti	Asian	Winter 2004/Early 2005
FB 232	MY	56.00m/184'	2 x Caterpillar 3512B	Steel	Lloyd's	Benetti & Natucci	NA	Spring 2005
Jade/FB 233	MY	63.00m/206'	2 x Caterpillar 3516B	Steel	Lloyd's	Benetti, Natucci & Zuretti	European	Spring 2005
BT 6	MY	30.00m/100'	NA	Composite	ABS	Benetti, Righini & Zuretti	NA	Summer 2005
BC 26	MY	35.00m/115'	NA	Composite	ABS	Benetti, Righini & Zuretti	NA	Summer 2005
BC 101	MY	37.00m/121'	NA	Composite	RINA	Benetti, Righini & Zuretti	American	Summer 2005
BC 102	MY	37.00m/121'	2 x Caterpillar C30	Composite	RINA	Benetti, Righini & Zuretti	European	Summer 2005
BV 6	MY	45.00m/148'	2 x Caterpillar 3508B Composite	Composite	Lloyd's	Benetti, Righini & Zuretti	European	Summer 2005
BT 7	MY	30.00m/100'	2 x MTU 12V2000 M90	Composite	ABS	Benetti, Righini & Zuretti	NA	Winter 2005
BC 27	MY	35.00m/115'	2 x Caterpillar C30	Composite	ABS	Benetti, Righini & Zuretti	NA	Winter 2005/Early 2006
BC 103	MY	37.00m/121'	2 x MTU 12V2000 M91	Composite	RINA	Benetti, Righini & Zuretti	Central American	Winter 2005/Early 2006
BC 104	MY	37.00m/121'	2 x MTU 12V2000 M91	Composite	RINA	Benetti, Righini & Zuretti	Central American	Spring 2006
BC 105	MY	37.00m/121'	2 x MTU 12V2000 M91	Composite	RINA	Benetti, Righini & Zuretti	NA	Spring 2006
FB 236	MY	42.00m/138'	NA	Aluminium	-	Benetti & Natucci	NA	Spring 2006
FB 235	MY	58.00m/190'	2 x Caterpillar 3512B	Steel	ABS	Benetti & Natucci	European	Spring 2006
BC 106	MY	37.00m/121'	2 x MTU 12V2000 M91	Composite	RINA	Benetti, Righini & Zuretti	Central American	Summer 2006
BC 107	MY	37.00m/121'	NA	Composite	RINA	Benetti, Righini & Zuretti	Central American	Fall 2006
FB 234	MY	50.00x56.00m/164' 184'	NA	Steel	-	Benetti	NA	Fall 2006
BC 110	MY	37.00m/121'	NA	Composite	RINA	Benetti, Righini & Zuretti	American	Winter 2006/ Spring 2007

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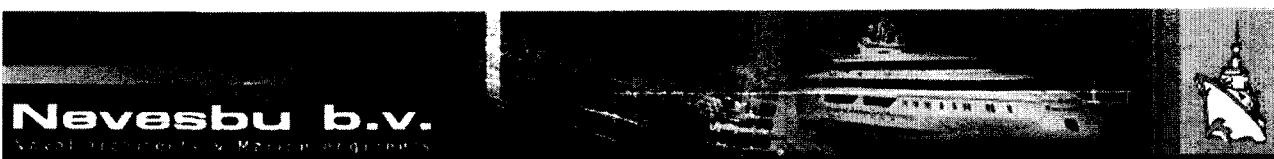
Naval Architectural & Marine Engineering



Hull No./Name	Type	LOA	Engines	Hull Material	Class	Naval Architect, Int. Des.	Owner Nationality	Launch D
BC 108	MY	37.00m/121'	2 x MTU 12V2000 M91	Composite	RINA	Benetti, Righini & Zuretti	Central American	Spring 2007
BC 109	MY	37.00m/121'	NA	Composite	RINA	Benetti, Righini & Zuretti	NA	Spring 2007
BC 111	MY	37.00m/121'	NA	Composite	RINA	Benetti, Righini & Zuretti	American	Fall 2007
Bloemsma & Van Breemen Shipyard								
Flying Eagle/136	MY	47.85m/157'	2 x Caterpillar	Steel	Lloyd's, MCA	Reymond Langton Design/Reymond Langton	American	04/05
Canados Group								
Canados 110	MY	33.52m/110'	2x MTU 12V4000 M90, 2735hp	Composite	MCA	NA/Dottie Turner	English	04/04
Cantiere Navale Antago SpA								
Antago 30m	MY	30.00m/100'	2 x MTU 1800	Composite	RINA	Architect Fulvio De Simoni/ Studio Progetti Association	German	05/04
Cantieri di Pisa SpA								
669	MY	38.10m/125'	MTU 16V4000, 3700hp (2720kW)	Composite	ABS	Cantieri di Pisa/Ivana Portiri	Middle East	03/04
673	MY	30.70m/101'	MTU 16V2000 M91, 2000hp (1471kW)	Composite	ABS	Cantieri di Pisa/Cantieri di Pisa	Greek	06/04
665	MY	38.10m/125'	MTU 12V4000, 2774hp (2040kW)	Composite	ABS	Cantieri di Pisa/Cantieri di Pisa	Greek	06/04
674	MY	30.70m/101'	MTU 16V2000 M91, 2000hp (1471kW)	Composite	ABS	Cantieri di Pisa/Cantieri di Pisa	Spanish	07/04
668	MY	43.60m/143'	MTU 16V4000, 3700hp (2720kW)	Composite	Lloyd's	Cantieri di Pisa/Cantieri di Pisa		05/05
Cantieri Navali Baglietto SpA								
10184	MY	32.00m/105'	2 x MTU 12V4000 M90, 2775hp	Aluminium	ABS	Baglietto/F. Paszkowski & Danielle Chopard	Greek	04/04
10185	MY	41.00m/135'	2 x MTU 16V4000 M90, 3700hp	Aluminium	RINA	Baglietto & Studio Spadolini/Studio Gagliardi	Italian	06/04
10187	MY	34.00m/112'	2 x MTU 12V4000 M90, 2775hp	Aluminium	RINA	Baglietto & F. Paszkowski/F. Paszkowski	Greek	07/04
10186	MY	42.00m/138'	2 x Caterpillar 3512, 1950hp	Steel	ABS, MCA	Baglietto & F. Paszkowski/F. Paszkowski & Smania Italian		07/04
Cantieri Navali Codecasa SpA								
C.109	MY	35.00m/115'	2 x MTU 12V4000 M90, 2275hp/2100rpm	Aluminium	ABS	Andre Bacigalupo/Franco & Anna Dellarole		Spring 2007
F.66	MY	49.90m/164'	2 x Caterpillar 3516B	Steel	Lloyd's, MCA	Codecasa/Dellarole		Summer 2007
C.111	MY	51.00m/167'	2 x Caterpillar 3516B	Steel	Lloyd's, MCA	Codecasa/Dellarole		Spring 2007
C.112	MY	51.00m/167'	2 x Caterpillar 3516B	Steel	Lloyd's, MCA	Codecasa/Dellarole		Spring 2007
F.68	MY	64.00m/210'	2 x Caterpillar 3516B	Steel	Lloyd's, MCA	Codecasa/Dellarole		12/06
Cantieri Navali Lavagna								
108	MY	31.00m/102'	MTU 12V396 TE94	Aluminium	ABS	Admiral Shipyard Technical Offices/ L. Dini & L. Eynard	Italian	04/04
107	MY	33.00m/108'	MTU 12V4000 M90	Aluminium	ABS	A. Bacigalupo/L. Baldoni	Italian	05/04
110	MY	33.00m/108'	MTU 12V4000 M90	Aluminium	ABS	A. Bacigalupo/L. Baldoni	Italian	11/04
109	MY	31.00m/102'	MTU 16V396 TE94	Aluminium	ABS	Admiral Shipyard Technical Offices/NA	NA	12/04
111	MY	42.00m/138'	MTU 16V396 TE94	Aluminium	ABS	A. Bacigalupo/L. Dini	NA	10/05
CBI Navi SpA								
CBN39	MY	50.00m/164'	Caterpillar 3516B	Steel	MCA	CBI Navi Engineering Team/Luca Dini Design		03/04
CBN40	MY	34.00m/112'	Caterpillar 3406E	Steel	RINA	De Vries Lentsch & CBI Navi/ Marine Design & Services		04/04
CBN38	MY	33.00m/108'	Caterpillar 3412	Steel	RINA	CBI Navi Engineering Team/Luca Dini Design		06/04
CBN41	MY	36.00m/118'	MTU 82000 M60	Steel	Lloyd's, MCA	Ginton Naval Architects/Ken Freivokh Design		2004
Chantier Naval JFA								
19 C	MY	43.00m/141'	2 x Caterpillar 3142E DTFTA	Steel	MCA	Vripack/Dick Young	American	12/05
CMN (Construction Mecaniques de Normandie)								
NA	MY	42.60m/140'	2 x Caterpillar 3508B	Steel	BV	CMN/-		2005
NA	MY	58.00m/190'	Caterpillar 3516B	Steel	-	CMN/Andrew Winch		2005
CNB (Construction Navale Bordeaux)								
48	SY	35.66m/117'	MTU	Composite	Veritas, MCA	Philippe Briand/Andrew Winch	European	05/05
CRN SpA								
Magnifica 46/118	MY	46.00m/151'	2 x Caterpillar 3512 DITA	Steel & Alum	Lloyd's, MCA	CRN Engineering/Nuvolari & Lenard		10/04
Ability/119	MY	54.00m/177'	2 x Caterpillar 3512B DITA	Steel & Alum	Lloyd's, MCA	CRN Engineering/Zuccon Int. Project	European	03/05
CRN 60M/120	MY	60.00m/197'	2 x Caterpillar 3516B DITA	Steel & Alum	Lloyd's, MCA	CRN Engineering/Zuccon Int. Project	European	01/06
Devonport Yachts								
47	MY	50.00m/164'	NA	Aluminium	DNV	NA		2004
53	MY	76.00m/249'	Wartsila 9L20C Diesels	Steel	Lloyds, MCA	Nick Myers/Joe Tohme		Early 2007
Dragos Yachts Ltd								
017	MY	33.50m/110'	2 x Caterpillar 3412 C, 1000hp/1800rpm	Steel	RINA, MCA	Ray Harvey/In-house	English	02/05
Angel B/016	MY	33.00m/108'	2 x MTU 120V2000 M70, 1000hp/1800rpm	Steel	RINA	Roberto Del Re/Roberto Del Re	German	06/05



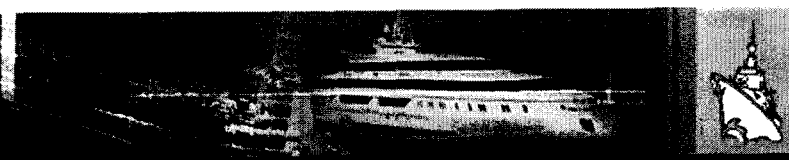
Hull No./Name	Type	LOA	Engines	Hull Material	Class	Naval Architect, Int. Des.	Owner Nationality	Launch Date
Falcon Yachts Srl								
215	MY	34.55m/113'	2x MTU 12V396 TE94, 2285hp	Composite	RINA	In-house/In-house & Owner's interior designer	European	01/04
29	MY	30.70m/101'	2x MTU 16V2000 M91, 2000hp	Composite	RINA, MCA	In-house	European	03/04
Leadship Holland B.V.								
368	MY	49.98m/164'	Caterpillar	-	-	de Voogt/Disdale	-	05/04
367	MY	70.71m/232'	Caterpillar	-	-	de Voogt/Whiteley & Dixon/McQuiston	-	2004
790	MY	85.95m/282'	-	-	-	de Voogt/Disdale	-	2004
794	MY	60.35m/198'	-	-	-	-	-	2005
Blue Moon	MY	61.87m/203'	-	-	-	de Voogt/Starkey	-	2005
Rasslass	MY	62.78m/206'	-	-	-	-	-	2005
571	MY	65.22m/214'	-	-	-	-	-	2005
Thunder Gulch	MY	53.94m/177'	-	-	-	-	-	Spring 2006
792	MY	60.96m/200'	-	-	-	-	-	-
Ferretti SpA (Custom Line)								
CL 128#01	MY	39.00m/128'	2 x MTU 12V4000 M90	Composite	RINA, MCA	CRN Engineering/Zuccon Int. Project	European	01/04
Navetta 30#10	MY	30.95m/102'	2 x MAN 12V	Composite	RINA	CRN Engineering/Zuccon Int. Project	European	02/04
Navetta 30#09	MY	30.95m/102'	2 x MAN 12V	Composite	RINA	CRN Engineering/Zuccon Int. Project	European	03/04
CL 112#8	MY	34.00m/112'	2 x MTU 12V4000 M90	Composite	RINA	CRN Engineering/Zuccon Int. Project	European	04/04
Navetta 30#11	MY	30.95m/102'	2 x MAN 12V	Composite	RINA	CRN Engineering/Zuccon Int. Project	European	05/04
CL 128#02	MY	39.00m/128'	2 x MTU 12V4000 M90	Composite	RINA, MCA	CRN Engineering/Zuccon Int. Project	European	05/04
CL 112#9	MY	34.00m/112'	2 x MTU 12V4000 M90	Composite	RINA	CRN Engineering/Zuccon Int. Project	European	09/04
Fipa Italiana Yachts Srl								
115-31	MY	31.00m/102'	2 x MTU, 2000hp	VTR	RINA	Fipa	-	2004
119-31	MY	31.00m/102'	2 x MTU, 2000hp	VTR	RINA	Fipa	-	2004
125-31	MY	31.00m/102'	TBD	VTR	RINA	Fipa	-	2004
128-31	MY	31.00m/102'	TBD	VTR	RINA	Fipa	-	2004
136-31	MY	31.00m/102'	TBD	VTR	RINA	Fipa	-	2004
118-38	MY	37.00m/121'	2 x MTU, 3046hp	VTR	RINA	Fipa	-	2004
137-38	MY	38.00m/125'	2 x MTU, 3700hp	VTR	RINA	Fipa	-	2004
130-43	MY	43.00m/141'	2 x Caterpillar 3508	Steel & Alum	Lloyd's	Fipa	-	2004
Fratelli Rossi Cantiere Navale Srl								
FR 98'	MY	30.15m/100'	2 x 1100bhp/2300rpm	Steel	RINA	Quartostile	NC	NC
Green Marine Offshore Composites Ltd								
Ghost	SY	37.20m/122'	-	Composite	-	Brenta	American	2004
Guy Couch Yachts								
3200	MY	32.50m/107'	2 x MTU 15V2000 M91	Kevlar/Composite	Malta Cross A1	In-house/Client	French	Spring 2005
Hakvoort Shipyard								
420/236	MY	50.00m/164'	2 x Caterpillar 3512	Steel	Lloyd's, MCA	Espen Oeino/Diana Yacht Design/Michela Reverberi	American	03/05
IDW-Nobiskrug GmbH								
777	MY	67.00m/220'	-	-	MCA	Newcruise Design	-	Spring 2006
Heesen Yachts								
Lady Ingeborg	MY	36.30m/119'	MTU	Aluminium	AES	Heesen Yachts Design Team/Omega Architects	-	Spring 2004
31mar	MY	43.90m/144'	MTU	Aluminium	AES	Heesen Yachts Design Team/Omega Architects/Veta Tsoukala	-	Spring 2004
Yalla	MY	46.70m/153'	MTU	Steel	DNV, MCA	Heesen Yachts Design Team/Omega Architects/Art-Line	-	Summer 2004
YN 12336	MY	36.80m/121'	MTU	Aluminium	AES	Heesen Yachts Design Team/Omega Architects	-	Autumn 2004
YN 12532	MY	32.40m/106'	MTU	Aluminium	Lloyd's	PB Design & Heesen Yachts Design Team/PB Design	-	Spring 2005
YN 12637	MY	36.80m/121'	MTU	Aluminium	AES	Heesen Yachts Design Team/Omega Architects	-	Spring 2005
YN 12441	MY	41.30m/135'	Caterpillar	Steel	AES, MCA	Heesen Yachts Design Team/Omega Architects	-	Spring 2005
YN 12737	MY	36.80m/121'	MTU	Aluminium	AES	Heesen Yachts Design Team/Omega Architects	-	Summer 2005
YN 12850	MY	49.50m/162'	MTU	Aluminium	AES	Heesen Yachts Design Team/Omega Architects	-	Summer 2006
Holland Jachtbouw								
Cassiopea/053	MY	31.80m/104'	2x MTU/Detroit 16V2000, 1800hp	Aluminium	ABS, MCA	Bill Langan/Bill Langan	American	Mid 2004
Schylge/061	SY	38.10m/125'	Lugger L6125A, 214kW(295hp)	Aluminium	Lloyd's, MCA	Hoek Design/Hoek Design	-	2005
V N/060	SY	37.00m/121'	Lugger L6140, 370kW(500hp)	Alustar	Lloyd's, MCA	Bill Dixon/Bill Dixon	-	2006
ISA Yachts Spa								
SA 470.2	MY	47.50m/156'	MTU 12V4000 M70	Steel	Lloyd's	ISA/Walter Franchini	-	07/04
SA 470.3	MY	47.50m/156'	MTU 12V4000 M70	Steel	Lloyd's	ISA/Cristiano Gatto Design	-	11/04
SA 470.4	MY	47.50m/156'	MTU 12V4000 M70	Steel	Lloyd's	ISA/Cristiano Gatto Design	-	03/05
IZAR - San Fernando Shipyard								
Gloria Teresa/397	MY	41.75m/137'	Caterpillar 3412E, 820kW	Steel	-	Izar/Reymond Langton Design	English	Beginning 2004
Suwer/398	MY	41.75m/137'	Caterpillar 3512B, 940kW	Steel	-	Izar/Reymond Langton Design/Luiz de Basto Designs	Spanish	Mid 2004
Marco Polo/401	MY	45.11m/148'	Caterpillar 3512B, 1231kW	Steel	-	Izar/Reymond Langton Design/Jean Michel Wilmette	English	02/05



Hull No./Name	Type	LOA	Engines	Hull Material	Class	Naval Architect, Int. Des.	Owner Nationality	Launch Date
Jongert B.V.								
Bn 414	SY	41.55m/136'	1 x MTU	Steel	Lloyd's, MCA	Tony Castro/Jongert Design Team	-	2004
KaiserWerft GmbH								
Ocean of Love/102	MY	31.10m/102'	2 x MTU M91, 2000hp	Composite	RINA	In-house/Egg & Dart	-	26/02/04
103	MY	31.10m/102'	2 x MTU M91, 2000hp	Composite	RINA	In-house/Micheal Kirschstein	-	30/06/04
Lürssen Yachts								
NA	MY	89.91m/295'	-	-	-	Disdale	-	11/04
Phoenix	MY	60.96m/200'	MTU	-	-	Lürssen/Winch	-	2004
Queen M	MY	72.54m/238'	-	-	-	Starkey	-	2004
LE120	MY	138.37m/454'	-	-	-	-	-	2004
Ariel	MY	63.09m/207'	Caterpillar	-	-	Lürssen/Oeino/Nunns	-	2005
NA	MY	53.94m/177'	-	-	-	-	-	04/06
Metaxa Marine S.A.								
Zika M	MY	41.20m/135'	2 x MTU 12V2000 M60	Steel	H-RS, HMC	D.Bales & J.Kotsios/Ruggiero Srl	-	05/04
Orca	MY	41.20m/135'	2 x MTU 12V2000 M60	Steel	H-RS, HMC	D.Bales & J.Kotsios/Ruggiero Srl	-	05/04
Mondomarine								
46	MY	30.00m/100'	3x1500hp	Composite	RINA	Quartostile/Quartostile	European	Summer 2004
45	MY	38.00m/125'	MTU 12V396 TE94, 2285hp	Aluminium	TBD	Cor D. Rover & Sydac/To be decided	-	Winter
2004/2005								
Multiplast Composite Yachts								
1204	SY	36.60m/120'	2 x 100cv	Composite	-	Gilles Ollier Design Team	English	Early 2004
Neorion Shipyards S.A.								
Alysia/1102	MY	85.30m/280'	2 x Caterpillar 3606	Steel	DNV	Alpha Marine/Harry Poulas	Cypriot	01/04
New Versicraft S.r.l.								
111	MY	33.40m/110'	2 x MTU 16V2000 M91, 2000hp	Composite	AI Malta Cross NA	-	European	11/04
112	MY	34.00m/112'	2 x Deutz 12V620, 2285hp	Composite	AI Malta Cross NA	-	Far East	03/05
Ocea Shipbuilding								
Petite Terre/02-041-01	MY	32.50m/107'	2 x MTU 60, 600hp/2100 rpm	Aluminium	BV, MCA	Joubert & Nivellet Naval Architects/Owner	French	05/04
Oceanco								
Y563	MY	60.00m/197'	2 x Caterpillar 3512B DITA, 1650hp	Steel	-	Oceanco/Andrew Winch Designs	European	04/04
Y661(A66)	MY	66.01m/217'	2 x Deutz 2250kW/900rpm	Steel	-	Oceanco/Andrew Winch Designs	European	09/04
Y565	MY	56.50m/185'	2 x Caterpillar 3512B DITA, 1231kW/1600rpm	Steel	-	Oceanco/Zuretti Interior Designers	European	07/05
P270	MY	43.00m/141'	2 x Caterpillar 3512B DITA	Steel	-	Oceanco/TBD	-	-
Oy Nautor Ab								
Swan 100/101 FD	SY	30.21m/99'	Perkins Sabre, 195kW	Composite	BV	German Frers/Nautor Design Team	Italian	05/04
Swan 100/102 FD	SY	30.21m/99'	Perkins Sabre, 195kW	Composite	RINA	German Frers/Nautor Design Team	Italian	08/04
Pendennis Shipyard Ltd								
MITSeaAH/51	MS	47.50m/156'	2 x MAN VP185, 2510kW	Aluminium	ABS, MCA	David Pedrick/Liebowitz & Pritchard	-	Spring 2004
Perini Navi SpA								
Santa Maria	SY	56.00m/184'	2 x Deutz TDB8, 1251hp	Aluminium	MCA	Perini Navi & Ron Holland/Perini Navi	European	04/04
c. 2055	SY	43.00m/141'	2 x Deutz 600Cv 2100rpm	Aluminium	MCA	Perini Navi & Ron Holland/Perini Navi	European	05/04
c. 2057	SY	54.00m/177'	1 x Caterpillar C30 12V, 1240hp/2150rpm	Aluminium	MCA	Perini Navi & Ron Holland/Perini Navi	European	12/04
c. 2059	SY	56.00m/184'	2 x Deutz TDB8, 1251hp	Aluminium	MCA	Perini Navi & Ron Holland/Perini Navi	European	04/05
Maltese Falcon	SY	87.00m/285'	2 x 1876hp	Steel	MCA	Gerard Dijkstra & Perini Navi/Ken Freivokh	American	01/06
Pershing S.p.A.								
Pershing 115/01	MY	35.07m/115'	2 x MTU 16V4000 M90	Composite	RINA	Fulvio de Simoni	Italian	06/04
PNA Brilliant Boats								
Blubay 100/ BB002	SY	30.78m/101'	2 x Yanmar, 440hp	Composite	BV, MCA	Brilliant Boats/Blubay Yachts	Luxembourg	Summer 2004
Proteksan - Turquoise								
NB41	MY	54.00m/177'	2 x Caterpillar 3512, 1500hp	Steel	ABS, MCA	Dubois/Proteksan-Turquoise	-	2005
NB42	MY	58.20m/191'	2 x Caterpillar 3516, 2700hp	Steel	ABS, MCA	Tanju Kalaycioglu/Celeste Del'Anna	British	2005
R.B Dereli Yachts								
MuMu	SY	38.75m/127'	Caterpillar 3406E DITA	Composite	ABS	Philippe Briand/ACT Studio Design	Netherland Antilles	02/04
Happy Dolphin II	MY	39.60m/130'	Caterpillar 3508B DITA	Steel/Comp	Lloyd's	Fryco/Las Olas Design Group	Asian	06/04
Project 421	MY	42.40m/139'	Lugger 6140	Steel/Comp	Lloyd's	Fryco/Las Olas Design Group	Cayman Islands	11/04
RMK Marine Shipyard								
Caressa M/No. 59	MY	36.70m/120'	2 x Caterpillar 3406E, 600hp	Steel	-	Vripack Yachting/Troy Design	-	02/05
No. 60	MY	36.70m/120'	2 x Caterpillar 3406E, 600hp	Steel	Lloyd's, MCA	Vripack Yachting	-	06/05
Rodriguez Group								
Mangusta 108	MY	32.91m/108'	MTU	Composite	-	Righini/Overmarine	-	03/04



Hull No./Name	Type	LOA	Engines	Hull Material Class	Naval Architect, Int. Des.	Owner Nationality	Launch Date
Mangusta 105	MY	32.00m/105'	MTU	Composite	Righini/Overmarine	-	04/04
Mangusta 108	MY	32.91m/108'	MTU	Composite	Righini/Overmarine	-	06/04
Mangusta 105	MY	32.00m/105'	MTU	Composite	Righini/Overmarine	-	07/04
Mangusta 108	MY	32.91m/108'	MTU	Composite	Righini/Overmarine	-	08/04
Mangusta 105	MY	32.00m/105'	MTU	Composite	Righini/Overmarine	-	11/04
Rodriquez Cantieri Navali SpA							
Custom Series 38	MY	37.80m/124'	2 x Caterpillar 3512B	Aluminium	RINA, MCA	Rodriquez Yachts/Francesco Paszkowski	NA
Exploration Yacht 72	MY	72.20m/237'	MTU 12V4000 M60	Steel	Lloyd's, MCA	Hydrotech/Rodriquez Yachts	NA
Royal Denship A/S							
326	MY	46.60m/153'	2 x Caterpillar 3508B DITA, 820kW (1100bhp)/1600rpm	Steel	Lloyd's, MCA	Ole Steen Knudsen/Ole Rune	-
35(no.1)04	MY	35.00m/115'	2 x MTU 12V4000 M90, 2040kW	Composite	DNV, MCA	Espen Oeino/Francois Zuretti	-
Aventura/06	SY	33.22m/109'	Caterpillar 3126E, 420hp/2800rpm	Composite	DNV, MCA	Fontaine Design Group/Fontaine Design Group	French
35(no.2)04	MY	35.00m/115'	2 x MTU 12V4000 M90, 2040kW	Composite	DNV, MCA	Espen Oeino/Francois Zuretti	-
35(no.3)04	MY	35.00m/115'	2 x MTU 12V4000 M90, 2040kW	Composite	DNV, MCA	Espen Oeino/Francois Zuretti	-
35(no.4)04	MY	35.00m/115'	2 x MTU 12V4000 M90, 2040kW	Composite	DNV, MCA	Espen Oeino/Francois Zuretti	-
245	MY	44.50m/146'	2 x Caterpillar 3506, 611kW/1300rpm	Steel	Lloyd's, MCA	Diana yacht Design/Ole Rune	-
35(no.5)04	MY	35.00m/115'	2 x MTU 12V4000 M90, 2040kW	Composite	DNV, MCA	Espen Oeino/Francois Zuretti	-
246	MY	43.30m/142'	2 x Caterpillar 3508B, 716kW	Steel	Lloyd's, MCA	Diana Yacht Design/Ole Rune Design	-
247	MY	43.30m/142'	2 x Caterpillar 3508B, 716kW	Steel	Lloyd's, MCA	Diana Yacht Design/Ole Rune Design	-
Royal Huisman Shipyard BV							
Athena/378	SY	90.00m/295'	2 x Caterpillar 3516B, 1492kW(2000hp)/1600rpm	Aluminium	Lloyd's, SOLAS, MCA	Pieter Beeldsniider & Gerard Dijkstra & Partners/Pieter Beeldsniider	-
Argares/379	SY	39.98m/131'	MTU 8V2000 M70, 525kW/2100rpm	Aluminium	Lloyd's, MCA	Dixon Yacht Design/Dick Young Designs	-
Sunseeker International Ltd							
Sunseeker 105 Yacht	MY	32.00m/105'	2 x MTU 16V2000	Composite	RINA	Don Shead/Sunseeker Design	Middle Eastern
Sunseeker 105 Yacht	MY	32.00m/105'	2 x MTU 16V2000	Composite	RINA	Don Shead/Sunseeker Design	European
Sunseeker Predator 108	MY	32.91m/108'	3 x MTU 2000 PS	Composite	-	Don Shead/Sunseeker Design	Mexican
Van Dam Nordia Yachts							
BN1079	SY	30.50m/100'	Lugger, 425hp	Aluminium	NA	Robert Van Dam/Robert Van Dam	German
Vitters Shipyard BV							
Gimla	SY	42.90m/141'	MTU 12V183TE72, 610kW/2100rpm	Aluminium	ABS, MCA	Dubois Naval Architects Ltd/Dick Young Designs Ltd	-
Ghost	SY	37.20m/122'	Caterpillar 3196 C, 366kW/2300rpm	Composite	DNV	Luca Brenta & Co. Yacht Design/Luca Brenta & Co. Yacht Design	-
Adèle	SY	54.86m/180'	Caterpillar 3412E, 1000hp/2100rpm	Aluminium	ABS, MCA	Hoek Design Naval Architects/Hoek Design Naval Architects	-
VT Shipbuilding Limited							
Mirabella V/04322	SY	75.20m/247'	2x MTU, 1080hp	Composite	DNV, MCA	Ron Holland/Lucciana Vittoria	American
W.E.M. Lines SA							
RM Elegant/586	MY	72.40m/238'	2 x Caterpillar 3516, 2260bhp	Steel	ABS	Nafpigi/ki Hellas/Lally Poulias	Greek
Wally Yachts							
Wally 141	SY	42.33m/139'	Caterpillar, 550hp	Composite	RINA	Tripp Design Naval Architecture/TBC	-
Rest of the World							
Alloy Yachts International Limited							
Tiara	SY	54.25m/178'	1 x Caterpillar 3412E, 1400hp	Aluminium	Lloyd's	Dubois Naval Architects/John Munford & Alloy Yachts	European
Paraiso	SY	32.91m/108'	2 x Lugger 6108A2, 300hp	Aluminium	Lloyd's	Fontaine Design Group/Fontaine Design Group	International
Janice of Wyoming	SY	39.62m/130'	1 x Lugger, 600hp	Aluminium	Lloyd's	Dubois Naval Architects/Owner & Alloy Yachts	American
Cheoy Lee Shipyards, Ltd							
SeaShaw/4788	MY	51.81m/170'	2 x MTU 16V400 1060, 1800hp	Steel	ABS	Frank Mulder/Dee Robinson	Singaporean
Evolution Yachts							
10	MY	33.00m/108'	2 x MTU 16V2000 M90	Composite	DNV, MCA	Peter Lowe Design/Sam Sorgiovanni	British
Fitzroy Yachts Limited							
Zulu/04	SY	37.00m/121'	Caterpillar	Aluminium	Lloyd's	Dubois/Redman Whiteley Dixon	New Zealand
Horizon Yacht Co., Ltd							
V105-310	MY	32.00m/105'	Caterpillar, 1550hp	Composite	-	In-house	American



Hull No./Name	Type	LOA	Engines	Hull Material	Class	Naval Architect, Int. Des.	Owner Nationality	Launch Date
S125-010	MY	38.10m/125'	MTU, 1370hp	Composite	DNV, MCA	In-house	German	10/02/05
S125-012	MY	38.40m/126'	MTU, 1826hp	Composite	DNV, MCA	In-house	German	05/05/05
Khashing Enterprise Co., Ltd								
Haigraive 103-121	MY	31.69m/104'	Caterpillar C30, 1550hp	Composite	-/-	Shelley Inc	American	-
Kingship Marine Limited								
M110-03-01	MY	33.00m/110'	2 x Caterpillar 3406E DITA, 550hp	Steel	Lloyd's, MCA	Setzer Design Group	-	Summer 2004
E110-03-01	MY	33.65m/111'	2 x Caterpillar 3406E DITA, 486hp	Steel	Lloyd's, MCA	PB Design/Vripack International	-	Summer 2004
Moscow Shipyard (MCC3)								
O125-1	MY	38.30m/125'	2 x Caterpillar 3406E, 1200hp	Steel	RRR	MCC3 design	Russian	04/04
O125-2	MY	38.30m/125'	2 x Caterpillar 3406E, 1200hp	Steel	RRR	MCC3 design	Russian	05/04
O110-1	MY	33.40m/110'	2 x Caterpillar 3196, 770hp	Steel	RRR	MCC3 design	Russian	06/04
O110-2	MY	33.40m/110'	2 x Caterpillar 3406E, 950hp	Steel	RRR	MCC3 design	Russian	07/05
V145-1	MY	44.20m/145'	2 x Caterpillar 3412E, 1440hp	Steel	LR, MCA	Vripack Yachting/Vripack Yachting	Russian	07/05
V145-2	MY	44.20m/145'	2 x Caterpillar 3412E, 1440hp	Steel	LR, MCA	Vripack Yachting/Vripack Yachting	Russian	09/05
Nakhimov Motor Yachts								
NA	MY	31.00-32.00m/102-105'	2 x 700hp	Steel & Alum	Lloyd's, MCA	Paolo Scanu	Russian	2005
NA	MY	31.00-32.00m/102-105'	2 x 700hp	Steel & Alum	Lloyd's, MCA	Paolo Scanu	Russian	2005
NA	MY	31.00-32.00m/102-105'	2 x 700hp	Steel & Alum	Lloyd's, MCA	Paolo Scanu	Russian	2005
NA	MY	31.00-32.00m/102-105'	2 x 700hp	Steel & Alum	Lloyd's, MCA	Paolo Scanu	Russian	2005
New Zealand Yachts Limited								
Spirit/NZYC01	MY	33.25m/110'	2 x Caterpillar V12 3412E, 1500hp	Composite	ABS, MCA	Brett Bakewell-White/Ken Freivokh	-	2004
Norsemen Shipyard Limited								
Norsemen Custom Sail	SY	30.48m/100'	TBD	Composite	-	David Marlow/Marlow Design Team	American	2004
North West Bay Ships Pty Ltd (NWBS)								
NA	MY	60.00m/197'	-	-	-	NWBS Design Team/Sam Sorgiovanni	-	-
NQEA Australia PTY Ltd								
219	MY	36.50m/120'	2 x MTU 12V4000 M90	Aluminium	Lloyd's	NQEA Australia/FMCA	Australian	05/04
Ocean Alexander Marine								
OAX100-01	MY	30.48m/100'	MTU 12V2000	Composite	-	Ed Monk/Jon Pokela	-	4th Qtr 2004
Ocean Classic International								
Ocean One/Y80	MY	30.00m/99'	3 x Caterpillar 3516, 3000hp	Aluminium	GL, MCA	SSPA Sweden/Ken Freivokh	-	06/04
Ocean Pacific Services, Inc								
Viva Ugaya	MY	40.00m/131'	2 x Caterpillar 12V 3412 DITA, 456kW	Steel	Lloyd's, MCA	O.P.S.I./Ben Van Der Veur	Australian	12/05-01/06
Oceanfast								
Sea Bow/Hull 78	MY	53.00m/174'	2 x MTU 16V4000 M90	Aluminium	GL, MCA	Oceanfast/Sam Sorgiovanni	-	01/04
Cartouche	MY	58.00m/190'	2 x MTU 16V4000 M90	Aluminium	Lloyd's, MCA	Oceanfast/Oceanfast	-	12/04
Pachoud Motor Yachts New Zealand								
PMY 40	MY	37.00m/121'	3 x MTU 4000 M90	Composite	GL	Humphreys Yacht Design	European	07/05
Sensation New Zealand Ltd								
SY24	MY	49.90m/164'	2x 3516B Diesels	Aluminium	ABS, MCA	Phil Curran/Evan Marshall	-	03/04
SY32	MY	47.24m/155'	2 x Caterpillar 3512, 1678kW/1925rpm	Aluminium	DNV, MCA	Sensation Yachts	-	03/05
SY27	MY	63.50m/208'	2x Caterpillar 3516B, 2630hp/1835rpm	Aluminium	Steel	Lloyd's, MCA	Sensation Yachts	-
04/06								
Shama Marine Industries								
NA	MY	30.00m/100'	2 x MTU 12V2000 M91	Composite	RINA	N. Scal/In-house	Egyptian	03/04
NA	MY	30.00m/100'	2 x MTU 12V2000 M91	Composite	RINA	N. Scal/In-house	Egyptian	06/04
NA	MY	34.00m/112'	2 x MTU 12V4000 M93	Composite	RINA	N. Scal/Patrik Nadal	French	10/04
NA	MY	33.00m/108'	2 x MTU 16V2000 M90	Composite	RINA	N. Scal/Patrik Nadal	German	02/05
Shipworks Brisbane Pty Ltd & Warren Yachts Pty Ltd								
NA	MY	43.90m/144'	Caterpillar 3412E, 900hp/2300rpm	Aluminium	ABS, MCA	Burness Corlett/Berne Cohen	-	01/04
Sovereign Yachts (NZ) Ltd								
NA	MY	34.13m/112'	2 x MTU 16V2000	Composite	-	Sovereign Yachts (NZ) Ltd	British	2004
NA	MY	31.39m/103'	2 x MTU 16V2000 M91, 2000hp/2350rpm	Composite	-	Warwick Yacht Design/ Sovereign Yachts (NZ) Ltd	-	2005
NA	MY	36.57m/120'	2 x MTU 16V2000	Composite	-	Warwick Yacht Design/ Sovereign Yachts (NZ) Ltd	-	2005
Yantai Raffles Shipyard Pte Ltd								
NA	MY	77.90m/253'	NA	Steel	Lloyd's	IMT	European	2005

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