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CANADA

MARINE BUSINESS MAGAZINE

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and The Store

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*Boating Industry Canada is published by
ADASTRA MEDIA INC in association with
KERRWIL PUBLICATIONS LTD.*

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*Boating Industry Canada is published six times
annually. To subscribe, go to: www.boatingindustry.ca*



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DISTRIBUTION

Land 'N' Sea is investing in the business and has expanded its operations, especially in the west to help marine dealers grow their sales, both in Brunswick product lines and with other brands as well.

By Andy Adams

IMPACT

Morten Fogh—Running His Own Race. After two decades running Fogh Marine and putting hundreds of new boaters into dinghies and kayaks, Morten expanded by buying The Store in Port Credit Ontario. Here are his impressions of the business today and what his company is doing to build boating.

By Andy Adams

SALES

Break the Habit of Special Discounts—This special article shared by ADP Lightspeed presents a strong case to avoid price discounting and to consider a loyalty program to boost your sales.

By Hal Ethington

MARKETING

GE Capital has again provided us with a detailed report on the state of sales and inventory aging across Canada using their wealth of market statistical knowledge.

By GE Capital

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On the Cover:
Morten Fogh at The Store in
Port Credit Ontario..
Photo by Andy Adams



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BY ANDY ADAMS

Building the Future of Boating

IT'S A TRADITION that in our August issue I climb up on my soapbox and extol the virtues of selling winter work to your customers while they are still in summer boating mode.

It's every bit as important as ever before. We need to keep our marine technicians working 12 months a year or we risk losing them to other occupations.

I'm upset that the discussions about shortages of skilled technicians seem to be dying down, not because we filled those positions, but because people seem preoccupied with short-term issues; selling this season, the effects of unpredictable weather, changing demographics and changing consumer tastes. Great - but we still need those techs!

In this issue of Boating Industry Canada, our resident troublemaker John Morris talks about the importance of winter work in his advertising column, Ad Nauseam. You will also read about how Morton Fogh at Fogh Marine and The Store in Port Credit, is marketing high-quality services and entry-level boats to bring new people into boating.

ADP Lightspeed has shared a really interesting article about NOT discounting and suggests that you might consider a loyalty program to boost sales.

Your best customer is your existing customer.

There was a book published about 20 years ago by two authors, Stan Rapp and Tom Collins. They put forward the concept of "LTV—lifetime value of a customer."

Take a minute to do the math. Season after season, the customer who keeps doing business with you makes an important contribution to your cash flow no matter how small it is because you've already got them. You just need to keep them. Look at the advertising and marketing costs associated with gaining a new customer. It's huge.

Selling winter work to an existing customer makes good business sense, builds their satisfaction with their boating experience and keeps them coming back to you.

So, I'd say selling season starts now. Good luck!

—Andy Adams - Editor



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British Columbia Marine Trades Association—BCMTA

—Kim Barbero—Executive Director

PLAN NOW TO ATTEND THE BCMTA 2013 BC MARINE INDUSTRY CONFERENCE.

THE ONE TIME A YEAR that all members of the recreational marine industry come together will be at the 2013 BC Marine Industry Conference, to take place November 27 & 28 at the River Rock Casino Resort in Richmond, BC.

This year's focus—Gaining the Customer Advantage—is sure to tap into the interests of everyone involved in the recreational marine industry. Your success—whether you are working with internal, business-to-business or retail customers—is shaped by the customer's experience.

Whether you own and lead the company or are in a support position, you have a critical customer role. And, if you're in sales, you don't want to miss this opportunity to learn how you can raise your game. Customer satisfaction is profitability! Bring your whole team!

Highlights for this year's event will include:

- An unbeatable line up of speakers
- Industry perspective presentation
- The unveiling of a new multicultural strategy



- Industry networking opportunities
- A workshop which will equip you with new tools and skills
- CPYB accredited members can earn 10 recertification credits!

Visit: <http://www.bcmta.com/event/2013-bc-marine-industry-conference>. ■

Mid-Canada Marine and Powersports Dealers Association—MMPDA

—Kim Wozniak—Association Manager

AFTER A VERY SUCCESSFUL 2013 boat show, dealers were gearing up for a busy season. However, as in other areas of the country, our region experienced a very late start to the 2013 boating season due to the fact that the ice wasn't off most of our lakes until after the May long weekend. Dealers reported reasonable sales in June and the first part of July and then the "switch" was flipped and sales dropped off due to another major shift in the weather.

Dealers are now hoping for strong August sales as weather reports so far seem favorable.

MMPDA Dealer members from Northwestern Ontario are looking forward to Harbourfest and the Kenora Bass International, which is in its 26th year. Both of these events generate considerable revenue in the region and dealers report that they see an increase in business due

to the higher than normal level of boating activity during these events.

MMPDA members will once again have the opportunity to participate in education opportunities offered by the Association and this year the focus will be on customer service excellence; telephone etiquette; time management and minimizing the incidence of price. This education opportunity will again be subsidized by the MMPDA to ensure that all of our dealer members have access to affordable, industry specific education.

The MMPDA continues to promote industry careers and recently made a decision to offer a total of three awards to students enrolled in marine and powersports programs at two of our local colleges. The MMPDA is proud to announce that Rebecca Bonville was awarded the MMPDA Award for Outstanding Achievement in the



Participants in the Kenora Bass International, which is in its 26th year.



Winnipeg Technical College Motorsport program; Jonathan Dowhaniuk was awarded the MMPDA Award for Outstanding Achievement in the Red River College Outdoor Power Equipment Technician Program; and David Sylvester was awarded the MMPDA Award for Outstanding Achievement in the Marine and Outdoor Power Equipment Technician Apprenticeship Program. ■

Boating Ontario

—Al Donaldson—Executive Director

IN THE MIDST OF SUMMER, who doesn't like to get out and play a round of golf? The Boating Ontario Dealers hosted their 6th Annual David de Eyre Classic Golf Tournament at picturesque Nottawasaga Inn and Resort on Wednesday August 14th, 2013. If you have been a part of the marine industry for some time, you most likely know who David de Eyre was. He was a legacy in the marine industry with his ownership of Clift's Marine Sales. David was a successful business man and in his prime built Clift's to be Canada's largest yacht broker with over 400 listings with several offices throughout Ontario.

Always striving for improvement, David de Eyre met with Jack Pady and

Pat Sturgeon to discuss an opportunity that would benefit the marine industry as a whole. These men had a vision to form a separate yacht brokers association that would ultimately implement the highest standards of service and professionalism in the recreational boating industry. A new association was established and David de Eyre became the first Chair for the Boating Ontario Dealers Association (known as the Ontario Yacht Brokers and Dealers at that time) December 2005. If you are interested in getting involved with the Boating Ontario Dealer Association, contact the Boating Ontario office at 705-549-1667.

The 2013 Boating Ontario Conference and Trade Show is themed 'Nautical University' this year. This is the largest

Boating Ontario

Recreational Marine Conference in Canada, making it the top place to network and share ideas with the best and brightest of your industry!

The focus of this year's Conference & Trade Show will be on networking, learning from peers and practical information.

The four hour Trade Show on Monday will highlight vendors who are specifically targeting your needs and interests.

Everyone interested in Ontario's Recreational Boating Industry is invited to attend the Boating Ontario Conference & Trade Show. This event is a targeted educational opportunity for owners, managers and service delivery professionals. Be sure to mark your calendar—December 1-3, 2013 at Deerhurst Resort in Huntsville. ■

National Marine Manufacturer's Association—NMMA Canada

—Sara Anghel—Vice President/Director



NMMA CONTINUES TO WORK, to offer opportunities for the North American marine industry to expand its horizons. These opportunities are available for industry to take advantage of in order to gain new customers overseas.

Earlier this summer, together with NMMA's Thom Dammrich, President, Ben Wold, Executive Vice-President and Julie Balzano, Export Development Director, I attended the ICOMIA/IFBSO Congress in London, where I represented the Canadian marine industry. The event included meetings with representatives from the global marine industry to address growing the industry, the export market and import regulations, and exchange information on overseas boat/trade show experiences. The ICOMIA congress presented an opportunity to profile the prominence of the

Canadian marine industry. Available at the ICOMIA congress was the April/May issue of IBI which profiled Canada in a feature article.

Next year's ICOMIA Congress will be held in Istanbul, Turkey, hosted by DENTUR, the Turkish Marine Industry Association and NMMA Canada will be present. ICOMIA is open for all industry members to attend, if you are interested in attending the next ICOMIA congress in 2014 please contact me, Sara Anghel, at sanghel@nmma.org

Over 2013-2014, NMMA is offering opportunities abroad for the North American marine industry. As emerging markets mature, they present unique opportunities for companies looking for new customers. In addition to METS in Amsterdam, NMMA will be working with organizers to create opportunities at the following boat shows:

CHINA – Emerging Market Opportunity #1 October 17–20, 2013: Sanya, Hainan, China International Boat Show & Festival Sanya

COLOMBIA – Emerging Market Opportunity #2 March 22–24, 2014: Cartagena, Colombia Cartagena Boat Show

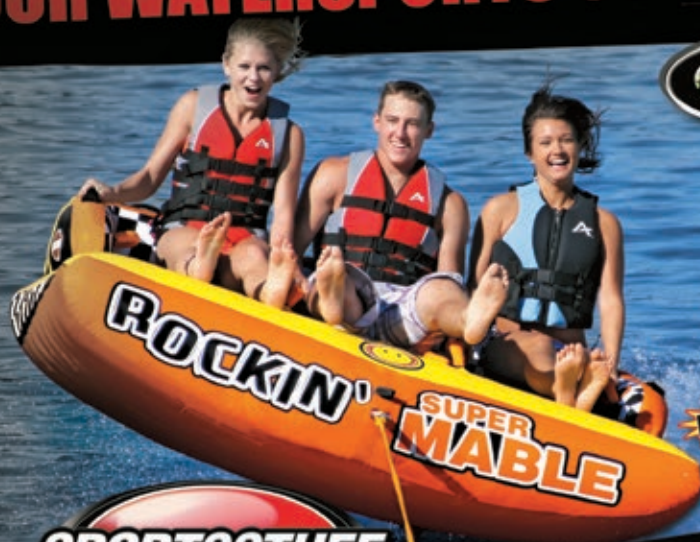
SOUTH KOREA – Emerging Market Opportunity #3 June 12–15, 2014: KINTEX, Seoul, So. Korea Korea International Boat Show

ITALY— Mature Market Opportunity #1 October 2–6, 2013: Genoa, Italy 52nd Genoa Boat Show

AUSTRALIA – Mature Market Opportunity #2 May 22–25, 2014: Queensland, Australia Sanctuary Cove International Boat Show (SCIBS)

To learn more about the above mentioned boat shows and how you can participate, please contact Sara Anghel at sanghel@nmma.org. ■

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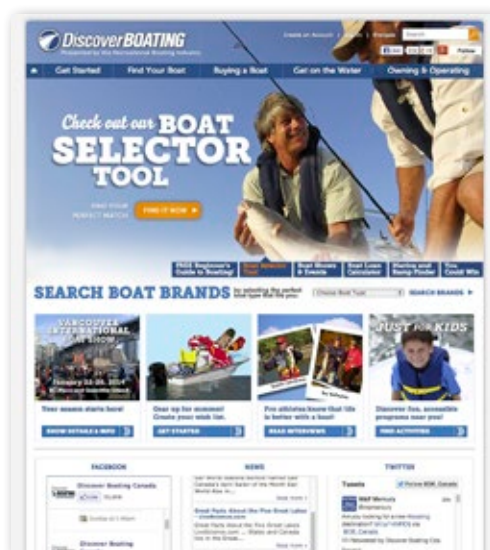
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Discover Boating

—Tracey Hart Director of Marketing

New Discover Boating Canada Website Feature Promotes Local Boat Shows, Regional Boating Information

THIS FALL, a new feature will be introduced to enhance the DiscoverBoating.ca homepage offering targeted messaging for visitors and displaying banners based on the user's location. We are working with Canada's Marine Trades Associations to identify regional boat shows and relevant content to incorporate into this offering. This new feature will allow visitors to DiscoverBoating.ca to access regional information, including local boat shows, in addition to national content.

Discover Boating Canada Engages with its Online Community

Earlier this summer, Discover Boating Canada held an online photo contest through its fan page on Facebook. Fans submitted their best boating photo for a chance to win \$250. Facebook fans then voted for their favourite and the winner was announced at the end of July. Facebook fans were encouraged to share content with one another resulting in a growing Discover Boating fan base. This contest was promoted across Facebook during the month of July and was a

success; it generated 710K impressions and 1,455 new fans for the Discover Boating Canada Facebook page.

Be sure to 'like' Discover Boating Canada on Facebook.com/DiscoverBoatingCanada Discover Boating Canada's Facebook page has 35,000+ fans and growing! Are you a part of our community? Like Discover Boating on Facebook to stay up to speed on the latest boating news, views and shareable content for your Facebook fans.

Do you tweet? Be sure to follow @DB_Canada on Twitter. The campaign's Twitter followers are also on the rise. Your tweets and re-tweets are encouraged to get the conversations going as the industry works together to grow boating and help more people get started in boating.

Add us to your circle at the Discover Boating Google+ page. How about Google+? Check out the campaign's latest social media endeavour to stay on the cusp of opportunities for interaction with your current and potential customers. ■

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← This winter, let's get more boats into the shop!



The winter works conundrum

Everybody gets it—we need to keep the shop busy, or at least somewhat busy, during the off season. It's a challenge; of that there is little doubt.

BY JOHN MORRIS

STAYING ACTIVE DURING THE WINTER is good for the bottom line, it's good for the people you employ and it's very helpful to keep your brand front and centre during those long months between haulout and the boat show.

Anywhere east of BC, the season mostly is over on September 15. Once the boats are hauled and winterized, that means three months until the boat show and another two until spring prep and launch activities begin.

As well as reducing the drain on the business by lying fallow for the winter, you can pre-empt the spring madness with its inevitable customer discontent

by getting out in front of the workload right after the boats are hauled.

PERSONNEL

There is currently a shortage of skilled trades in Canada that extends well beyond the marine industry. The trucking industry, for example, is desperate for drivers; the auto body world is screaming for skilled workers. Those two industries, plus a long list of others offer comparable pay on a twelve-month basis. In order to attract the right people to the marine industry, and retain them, we need to offer full time employment.

So, what are they going to do this winter? Snow machines fill the time

in some places, sort of, but wouldn't it be better to engage them in the marine trades. Your customers need the work done. They just need to readjust their mindset to do the jobs necessary now, rather than next spring when you won't have enough resources to go around. It's a marketing moment.

TOOLS FOR WINTER WORKS

Last fall in these pages, we discussed ways to keep your customers thinking about boating through the off-season. That's a good place to start, so let's start by getting your boaters involved and go from there.

'Have you hugged your boat lately'

weekend is a chance for you customers to come by, check their tarps and get some special off-season savings. Get the hot chocolate ready plus specials in the store and in the service department.

Tune up specials, electronics installations, new canvas, new sails, and new upholstery. Make the deals irresistible. The owners can place their order, then head to Arizona and when they return in the spring, voila—everything's ready.

Major work. I'm turning the clock back but during the summer, when someone discusses something significant—re-wiring, engine re-build or the like, book it right then. Offer a winter works bonus or discount.

Develop some specialties. Everyone does rigging and glass repair but upholstery, boat repainting, vinyl names, canvas, electronics replacement, hull repair and other more skilled work is hard to source especially during the spring busy season. Create a differentiation based on expertise by becoming the

place that does X or Y. Reliability and warranties create good word of mouth.

Online Outreach. No matter what you're planning at the marina, the internet is a great way to keep your customers engaged. The need for your customers to trigger their winter projects was addressed very nicely in a post by Matt French, the director of sales and marketing at Desmasdons in Pointe au Baril. Matt and the folks are exemplary in developing social media involvement through social media and blogging using webcam and contests to engage their customer base.

Last November in his regular post Matt wrote lyrically about the onset of winter, reminding his customers "Each winter people ask what we do over the winter so this year we are going to keep you updated and let you know what is going on around the marina. Our government licensed marine technicians are always striving to keep their skills top notch and take advantage of all

upgrade courses available to them by our manufacturers over the winter." He goes on to prod them about off-season clearances and wraps up with a suggestion to help the local food bank. Solid stuff indeed—if you're not doing your own online version yet, take a look at www.desmasdons.com/news/winter-is-approaching/ as a reminder and a good example of how to do it right.

It would be lovely, in some ways, to operate in Florida and not have to worry about off-season slowdowns, but here we are in Lake of the Woods (or wherever) so six-foot snow banks and curling are a definite reality. You can leave it, and let the shop snooze for five months, or you can love it and drive profitability over the winter months while you build your reputation for next spring. So take that week in Sarasota if you must, but in the meantime plan your marketing campaign to keep the place warm during the cold months. ■

Are you first in... ...and last out?

If so, it may be time to think about some additional safety precautions if you're going to be out Stretching the Season! Here are a few to consider putting on your list.

Lifejackets

- Wear them! Accidental cold water immersion can be shocking!

Be Prepared

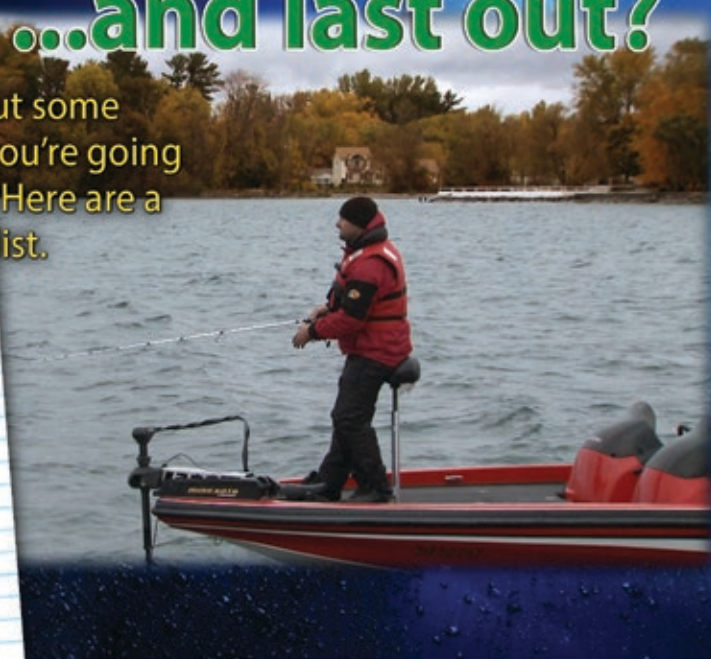
- With sufficient fuel, tools and spare parts handy at all times.

Who Are You Going to Call?

- Have both a VHF radio and cell phone with you. And know who you'll call if you need help.

Float Plan

- Leave a float plan with someone responsible, who knows what to do if you're overdue!



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Land 'N' Sea Builds Boating by Building Up Marine Dealers

A Long-Term Plan For Steady Business Growth

BY ANDY ADAMS

IT'S NO SECRET that social and demographic shifts in North American society, the recent global economic downturn, and a host of other factors have led to soft conditions in the boat business for the past several years. Canada has fared better than anywhere else, but we are still not booming across all segments.

Everyone talks about the need to get more people into boating or at least, more boats into the hands of more people, so the industry is looking for potential sources of volume. Finally, the attention is turning to the smaller marinas and dealers on Canada's lakes, rivers and coastal areas.

For years, I have argued that 80% of the registered boats in this country are probably scattered across countless little lakes and rivers but our industry hasn't seemed interested in building up the dealer businesses serving those remote or smaller areas.

Everybody wants the business efficiencies of working with a small number of high-volume outlets.

That's easy to understand, but it flies in the face of the reality that 80% of the registered boats in this country are probably scattered across those remote areas!

I have to stop and note that our industry has a vibrant and very successful group of marine distributors who work hard to serve those smaller marinas and dealers, but unless those customers get to sell some higher value items like new and used boats or better yet, grow big enough to gain an engine dealership, they are destined to stay small. And, small marinas don't get, or can't afford the training and business support resources that could make them a bigger success. They've been stymied, at least until recently.

That's why I was thrilled to visit the team at Brunswick Corporation's Mercury Marine Canada offices in Milton, Ontario and to hear about how Mercury and Land 'N' Sea continue to expand their capabilities and product offerings to help marinas and dealerships of all sizes increase their businesses and better serve their customers.

Actually, it was Mercury Canada's president Georges Jalbert who originally called the meeting although he got called away at the last second, but Eric Nelson, Sr. Director of Sales, and Tom Wurster Sales and Parts & Accessories Manager gave me the news.

The thrust of our dialogue revolved around specifically how Land 'N' Sea has been able to build boating in general and business opportunities among these smaller marine outlets since it was integrated into Mercury Marine Canada four years ago.

The fact that these smaller markets are now being focused on, and expanding, is a direct response to the vision Brunswick Corporation, the largest organization in the boat industry, is placing on growing all segments of the marine industry. While Dusty McCoy, Brunswick's Chairman and CEO, was not in the meeting, he was actually aware of it. This mandate is right from the top.

Here are the key points from the meeting. Eric Nelson led things off. ➤



➤ The Quicksilver propellers promotional trailer is available to support dealer's open houses and special events.

ERIC NELSON

Andy, the core message to our customers continues to be that Mercury and Land 'N' Sea are investing heavily in our business to better support their businesses which in the end grows boating as a whole.

Across the industry, we don't see much other investment happening. Four years ago we made the strategic decision to merge the Land 'N' Sea Canada organization with Mercury Marine Canada. This required a complete review and evaluation of our infrastructure, personnel, and how we service the customers of both organizations.

The first major step was incorporating the inventories and resources of the two organizations under a single roof which we did when we moved to this facility in Milton, ON. Once we were in this facility we were then able to start working on streamlining and integrating our systems and processes. It was tough but this has allowed us to become more efficient, faster and responsive to the needs of our customers and the increasing volume of business.

With the internal infrastructure in place, it didn't take long for our customers to start seeing the benefits of these dramatic changes.

To our Mercury dealers, it's become a one-stop shop, where all of their Mercury and Land 'N' Sea purchases now contribute and qualify for the benefits and rebates they receive under

our Mercury Dealer Programs. Not only does this generate more profit for them, but it also saves them time and effort as they don't have the inconvenience of having to source products from multiple third-party sources. They also have the comfort of working with all of the Mercury people and systems that they usually work with.

We also work closely with OEM's and independent dealers and marinas who may not currently offer Mercury products. For these dealers we are able to help them grow their businesses by offering a vast array of products, quick turn around times, and strong sales programs they may not be able to get anywhere else. We are even able to help them become Mercury or boat dealers if that is the direction they want to explore.

Once we had our Milton facility organized the next step was to grow our capabilities on the West Coast.

TOM WURSTER

To do this we started with our Burnaby Distribution Centre in British Columbia. We obviously needed more space to accommodate all of the parts and accessories offered through Land 'N' Sea so we renovated our Burnaby facility and we now have 50,000 square feet facility with the ability to increase that in the future by another 10,000 square feet. Obviously an expansion of this degree requires a significant investment but it reinforces

our commitment to serving dealers in B.C. and Western Canada. Through this facility we are now able to service dealers that weren't able to access our products before. Our Burnaby Centre now has a large inventory of parts and accessories and we are able to offer next day or second day delivery to 90% of the market in Western Canada.

ERIC

As you know, we (Brunswick Corporation) were forced to make significant cuts in 2008 and 2009 during the recession, however, that was five years ago. Due to those cuts we are now in a position to undertake long term expansion projects like these, and the results of this expansion has been that we are out-pacing the performance of the market, and ready to move forward especially with our focus on Western Canada.

ANDY ADAMS

So, how does this expansion deliver a benefit to those smaller marina or accessory dealers?

ERIC CONTINUES

Both Mercury and Land 'N' Sea have always been part of Brunswick, but it used to be two separate businesses with two different skill sets. Now by integrating them together we pull together as one team moving in one direction. It simplifies the process for our customers, saves ▶

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➤ Electric trolleys can locate items fast and can run through very narrow and high aisles to maximize warehouse space.

them time and money, and at the end of the day allows them to better service their customers. The other major benefit is that Land 'N' Sea and Mercury become resources and partners for these smaller marinas and accessory dealers. We know a lot of these dealers are trying to cover all of the areas of their business themselves. There are only so many hours in a day, but together we can help them by taking away some of these areas so they can focus on what they need to do. Due to our size, we are able to develop and offer resources that can assist them in their businesses like our all of our electronic systems, catalogs, as well as our training and educational materials.

ANDY

OK, so name a few specific ways the smaller dealer can benefit.

TOM

Ok, let's start with our people. Our new partners in B.C. are Jenvey Distributors. Mark Payne, Gordon Lee and Laureen King are our key outside sales reps in this area. These are people with great reputations, and are a valuable resource for helping guide and advise our dealers and marinas on how to grow their businesses.

One of the major core benefits we are able to bring to all dealers is the Land 'N' Sea "Sea Value" retail marketing program. This program allows dealers to expand their core retail sales opportunities using our full colour, 200+ page catalog that shows a wide range of parts and accessories. The catalog cover can be customized to meet our dealer's needs and includes the dealer's personalized name and logo. We even pay co-op if they promote our brands!

For an investment under \$1,000 they get up to 500 catalogs showing the top-selling 2,000 to 3,000 parts

with industry competitive pricing. Hand one out to a customer and they will see competitive pricing that's the same as other dealers and even mass-merchandise outlets—that's powerful!

The Sea Value catalog gives any dealer a bigger footprint, and there are very good margins on our products as well. The catalog is very well organized and dealers can follow the layout of the book to set up in-store displays without the guesswork of designing their own layouts.

The key to this program is our extensive knowledge of product sales in a particular area. Our sales reps have the sales history available by geographic area and can help our dealers and customers pick the key products that sell best in that area.

ERIC

Coming in 2014, we will be adding on to the Sea Value program the ability to drop-ship their orders directly to the customer. This allows the dealer to remain competitive on both cost and convenience. It can be a big enhancement to their brick and mortar business.

TOM

Next is Sea Choice which is our own brand of 1,500 to 2,000 items from around the

world that deliver 40% to 50% margins to our dealers. At our upcoming trade shows in November we will have over 60 feet of Sea Choice product displayed covering the entire line. Each 4' shelf section is available as a planogram so dealers can choose and re-create a specifically designed section which displays a particular category of products, such as steering, fuel, pumps or electrical products.

This really helps professionalize the display and showroom areas of their dealerships with minimal effort. This is especially advantageous for dealers where they need to rely on summer students who don't have as much knowledge as regular staff to look after these key selling areas.

ANDY

So, could you say there's a sort of "ladder" to success in this?

ERIC

We feel we have put the steps in place to help dealers, even the smallest dealers, grow their business. Number one, start by becoming a Land 'N' Sea dealer.

Take advantage of the Sea Value catalog program.

Attend the shows we hold in Connecticut or Las Vegas.

Take in the training and product knowledge offered there.

Take advantage of our Quicksilver mobile prop display trailer which we have available for dealer events.

Use the Seachoice planograms to build retail displays and increase sales.

Talk to us about moving up in your capabilities to attract a Brunswick boat line.

Reach the level where you can become a Mercury engine dealer with access to staff training, and the volume and margin increases that can lead to.

ANDY

Well, in conclusion, it certainly appears that Mercury and Land 'N' Sea have mapped out a route to growth, especially with the latest major investments in B.C. and the west, for dealers of all sizes, wherever they are in Canada. That has to be good for boating! ■

Responding to market moves:

The METS success story

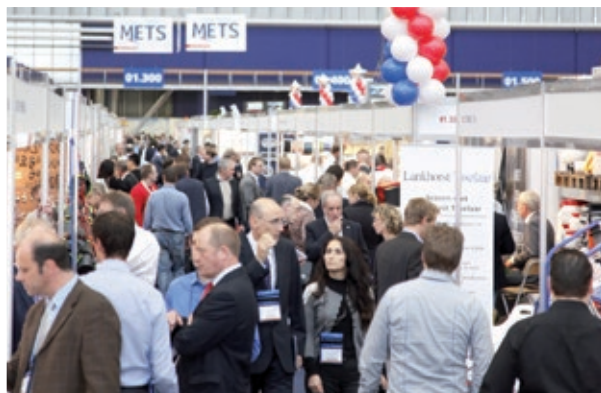
In an era where trade shows in every industry sector have been forced to re-evaluate their raison d'être, one event in the leisure marine world continues to go from strength to strength. Some say it's the ideal location in Amsterdam, others the no-nonsense B2B atmosphere that attracts marine professionals and businesses in ever greater numbers. But there is a third factor behind the METS success story... the show's ability to listen to the market and diversify into new areas.

25 years and still growing strong

METS - the Marine Equipment Trade Show - celebrated its 25th anniversary in 2012 as the world's largest and most visited leisure marine trade show. Despite the recession, the event attracted an impressive international attendance and the number of exhibitors remained exceptionally high. The fact that almost half of the exhibitors pre-booked stand space for 2013 before METS 2012 had even closed speaks volumes for the value attached to this annual gathering of the global marine industry.

"It is clear that exhibitors and visitors alike welcome the fact that METS is strictly trade-only," explains Irene Dros, Domain Manager of Amsterdam RAI Convention Centre, which has successfully organised METS for the past quarter of a century. "Keeping our focus firmly on products attracts people from over 100 countries and has also led marine industry associations from 15 countries to set up their own pavilion."

The METS organisers have also enhanced the show's diversity by introducing specialist pavilions. "The first of these - the SuperYacht Pavilion - was opened several years ago and we have been pleased to see it develop a very distinctive identity of its own while remaining very much part of the overall METS experience," adds Dros.



An unmissable date with the SuperYacht Pavilion (SYP)

While boat shows such as those in Monaco and Fort Lauderdale have traditionally been first on the calendar of companies in the large yacht industry, METS now attracts more suppliers in the sector than any other event worldwide. The SuperYacht Pavilion runs in association with the Global Superyacht Forum (GSF), one of the world's leading summits for captains, designers, builders, project managers, brokers and owners.

Showcasing innovation at the Construction Material Pavilion (CMP)

The Construction Material Pavilion offers a unique platform for material suppliers to showcase their products, skills and expertise to the global marine leisure industry. Last year's METS showed that visitors were very inspired by the wide variety of (raw) materials that can be used in boat and yacht building. METS 2013 will also feature high-end knowledge exchange via the special Construction Stage.

Fast developments at the Marina & Yard Pavilion (MYP)

The marina industry is developing at a rapid pace and the Marina & Yard Pavilion is dedicated to all kinds of equipment for the marinas and associated boatyards, the MYP attracts marina owners and operators from around the world. There is a particular focus on equipment such as pontoons, boat mooring systems, utility pedestals, specialist lighting, pump-out systems, hoists, cranes & trailers, in-water boat lifts, management software, boat cradles & stands, fire fighting & safety equipment and dock fenders.

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Meet the world at METS in Amsterdam

THE STORE FOR MARINE SUPPLIES OPEN 7 DAYS A WEEK



Morten Fogh

➤ Morten has just purchased The Store—Masons Chandlery, expanding his business to two locations and two different market segments.

Fogh Marine and The Store Mason's Chandlery—Running His Own Race

STORY AND PHOTOS BY ANDY ADAMS

IF YOU ARE A SAILOR who does any racing, you probably know that you can't sail with the rest of the fleet and expect to win the race. It's one thing to try and out-sail the fleet it's another thing altogether to try and out-think it. Winners have to do both and they have to take chances too.

Morten Fogh has a love of competition. He grew up with it. His father is Hans Fogh, one of the most successful competitive sailors in history, with dozens of national and international championships, racing in many different classes and winning two Olympic medals. Hans Fogh is an honoured member of the Canadian Amateur Sports Hall of Fame, as well as the Canada Sports Hall of Fame.

Morten, Hans' eldest son, was also around boats and the water his whole life and has been running Fogh Marine in

Toronto's west end for over 20 years now.

The Fogh (actually pronounced "Foe" by the way) Marine store is highly visible from the very busy Gardiner Expressway / Queen Elizabeth Way highway at Islington Avenue. There's an amusing story about that coming soon...

Often a display of small sailboats and colourful kayaks are out front for all the passing traffic to see. Fogh Marine is always a colourful and important participant in the Toronto International Boat Show as well, bringing a major display of entry level boats as well as competitive small sailing craft. We started by asking about the importance of the entry level when we interviewed Morten at his new business, The Store in Port Credit Harbour.

Morten immediately said, "The industry mostly ignores the entry-level segment. There are some unwritten rules

of the boat show to manage price competition in a way that's really better for the customers but the smaller craft are not protected at the show. You won't find two different booths selling Sea Rays or Four Winns boats but among the smaller craft, there's no protection.

He has served on the boat show committee for around 10-12 years and is a member of the NMMA Canada, and Boating Ontario. Morten is very active with the sailing associations, Ontario Sailing especially. He said, "I'm out there. I participate in the industry."

He continued, "In spite of that, no one has ever called me to ask me how many boats I'm selling every year. I'm confident that the Statistical Abstract recently published by NMMA Canada understates the number of small boats sold in Canada every year."

"It comes down to money. There's not

a lot of money in small boats but you have to build the base. I find that the industry ignores the small boat end of things, but we are the ones who bring in many new boaters.”

Morten admits boating is really a small market. He says, “There are no real economies of scale. This is not a volume business. You need to be profitable on most items and you really can’t make it up in volume.”

“I look at every customer the same even if all I’m doing is selling him a handful of nuts and bolts because each sale is important. Every person buying a big boat started out with a little boat and I believe everyone deserves the same respect.”

“Every time we sell a boat, it’s important and exciting. When we load it onto the car top and send somebody down the road with the new boat or kayak, I see them give their spouse a hug and I see the excitement on their faces. It’s important and exciting to them.”

Morten also adds, At Fogh Marine we find that from an entry level, a lot of kayak buyers come back and get two, three, four or even five new boats over the years, so there certainly are repeat customers there.”

The sailing schools and camps are significant buyers for Fogh Marine as well as an important way to introduce new people to boating.

He points out, “You have to be service-oriented as well. Every day a boat is out of service is an eternity in a season that’s really only two months long. I think it’s very important that some people who are exposed to boats and boating at that level become “lifers”. We always need new customers.”

“I believe that at the Toronto International Boat Show, one visitor in every four is new to the show and I think that is a huge opportunity.”

We asked Morten about educating new boaters. He said, “In terms of education, we’re trying not to compete with our partners like the Ontario Sailing Association’s Mobile Boom program. They’re introducing new people to sailing and training instructors as well. We often direct our customers to Ontario Sailing because it’s a neutral sport

governing body that benefits everyone in the industry.

Kayakers generally are not seeking education to the same degree. We tell them to go to YouTube and look for “How to” information on kayaking. There’s plenty of information out there and it’s free.

We have kind of a joke at the store—we call it “Fogh 11” not 411. People call us all the time and ask us their questions about boating.

For the readers who don’t know, there are very few businesses selling or displaying boats anywhere in Toronto and the Fogh Marine store has literally thousands of vehicles passing by every day.

An exciting part of attracting new people into boating is that they hold kayak demo nights one evening a week and also have both Hobie and RS Sailing demonstration days. There’s an events page on their website and Morten tells the story about one customer who heard about Hobie day last December and showed up this June.

Morten pointed out that people have very limited knowledge and very limited time. That is a huge overarching problem. Morten said, “People don’t say that they can’t afford a boat, they say they don’t have time”.

Junior sailing is booming though, because those are kids who have time.

“We support the Discover Boating program and provide them with product for their display at the boat show but I believe Discover Boating needs to appeal more to an entry-level. When they take people out for a boat ride, they take them out in a big boat. They’re not helping my business” he said. It would be great to offer them a kayak or small sailboat to try out. The price tag of these boats makes them affordable and less intimidating.

Another thing that’s really key for boaters is convenience.

As an industry, he said “We need to look at how more marinas can get into the business to provide both products and service in a convenient way to the cottagers and visiting boaters on all the smaller bodies of water across Canada. If you take the convenience away, the cottager’s participation in boating will drop. ▶

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➤ The Fogh Marine display at the Toronto International Boat Show is both one of the few displays of entry-level boats and a colourful addition to the show experience.

Maybe the big companies like Mercury Marine need to have a mobile service unit or something and take around the top 20 SKUs, find a way to give little marinas more favourable terms, but whatever it is, our industry needs to make it convenient to participate in boating.”

What’s particularly interesting about Morten Fogh is that last year he purchased The Store Mason’s Chandlery in Port Credit Harbour Marina. While Fogh Marine is all about performance sail craft, dinghies and kayaks, The Store is a chandlery supporting cruising sailors and power boaters with parts and accessories for bigger boats.

Morten claims that it’s really two different businesses with very little overlap. The Store built a lot of goodwill and loyalty from its previous owner, Lori Mason and her family.

Morten told us that the key was that he bought a great staff as much as a great business. The people at The Store are extremely knowledgeable and experienced plus Morten points out that like any well-organized team they also have good supplier and partner relationships for service, after sales support and pricing integrity.

Morten wisely points out that for their customers, “...when a problem arises it may not be your fault but it’s still your problem.”

Service has always been a big part of Morten’s business offering and Fogh Marine has a mobile service for rigging because they provide event and regatta support in places like CORK, and other racing events. The Store Mason’s Chandlery also provides support to events like the Lake Ontario 300, as well as hosting many free informational seminars in the offseason.

There’s no question about his level of involvement or his level of dedication. Morten concluded our interview by saying how much he enjoyed working in the industry but acknowledged that the hours, especially in retail can be a real challenge and he pointed out that he believes the Internet will continue to change the way a lot of stores do business.

He knows that the customers are “surfing for prices” literally on their mobile devices as they shop and so the margins are always under pressure. Activities like “showrooming” will continue to put prices under pressure.

A further complication he points out

is his concern about some distributors fighting over a shrinking pie by introducing drop-shipping. He says, “This penalizes people who book orders in advance and stock products on shelves. Drop-shipping can help with convenience and customer satisfaction and not every self-serve environment needs people who are technically knowledgeable, but I have invested my life in my stores and my staff.”

Morten will always be a determined competitor, doing what he believes he does best; offering great products supported by knowledgeable staff and backed up by after sales service.

By the way, Morten isn’t merely a competitive sailor. He’s become a dedicated runner and has now competed in 16 marathons including five Boston’s. He staying in great shape and claims that his running gives him more energy and a way to de-stress.

Winners have to out-sail the competition and out-think them too. Taking a chance on the industry by buying The Store is a bold commitment but as Morten said, “This is the business I know.”

No wonder he needs to de-stress occasionally—we all do! ■



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BY: HAL ETHINGTON

A NEIGHBOUR, his wife, and your brother-in-law walk up to the parts counter. And the Parts Manager says...

Nope, this is not just an old, bad joke with a corny punch line. There's more. Here comes a Fireman, a Policeman, the fleet manager for the city, and the family that bought a new unit from you yesterday.

What do these people have in common? They are all retail customers and each of them got a special discount at your parts counter!

THE NEW "D" WORD

What have we done to ourselves? Would you imagine going into Target, Home Depot, or Best Buy and expecting a discount because of who you are? For shelf-worn stuff, for damaged goods, yeah, maybe. But just because you are a Friend of a Friend of a Friend?

But we have done it. And all these people buy at a discount because we give it to them. So, where did this come from? How did it start? Why do we keep doing it? And, most important of all, is it worth it...? Does it come back to us in some way? Or, is it just the cost of doing business?

All good questions, and I may not have the best of answers. But I do know this: I can tell you exactly how much it is costing us. To the penny. And it's not pretty.

Look at the V-Twin motorcycle dealer charts. I've taken out the internals and the odd-ball stuff, and in this chart we

see that for V-Twin motorcycle dealers in the 6 regions of the U.S., roughly half of all parts are sold at MSRP. OK. Half. But wait! What about the other half. What's going on over there?

Well, in the other half, about 10% are sold at greater than MSRP. Yay. And now the other shoe drops.

About 17% are sold at 10% off. Another 15% are sold at 20% off. And a whopping 14% are sold at greater than 20% off. That's nearly 45% of all parts sold, sold at discounted prices. It may vary a little from region to region—the Northeast is worst, the South best—but that's the bottom line. \$28 million in discounts on \$259 million in sales.

You thought that was bad? Take a look at the Metric Motorcycle side. Chart B → shows that dealers selling at MSRP is about 27%. Above MSRP? Roughly 10%, or about the same as V-Twin. But the news gets a lot worse.

For Metric dealers, about 20% of parts are sold at 10 off. Another 20% are sold at 20 off. And the killer is an average of 26% of all parts are sold at more than 20 off. That makes about 63% of Metric parts that are routinely sold at less than MSRP.

It's the worst in the Midwest with 69% of parts discounted, and best in the West where only 60% were discounted.

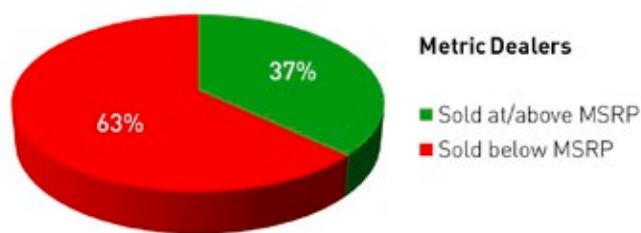
A total of \$207 million discounted on \$788 million in sales. That's 28% off.

Perhaps we think we'll make it up on the volume—somehow. Isn't that the business

model for the Costcos and Home Depots of the world? They mark it down, sell a whole bunch more, and make more money overall. Right? Right.

THE PROBLEM – DISCOUNTS

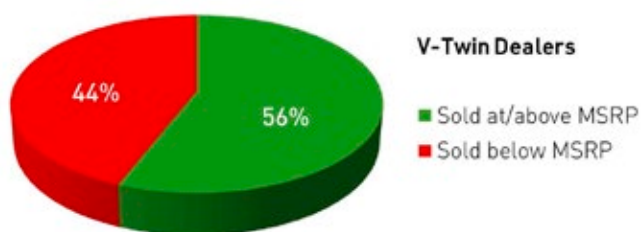
I did the math, and here's how it shakes out. In both Metric and V-Twin Powersports markets people are getting 40% margin when they sell at MSRP. It looks like they average about 25% margin when they start dropping the price. So, if they generate \$400,000 in margin when they sell a million bucks at MSRP, they would have to sell a \$1.6 million at the 25% rate to return the same margin dollars.

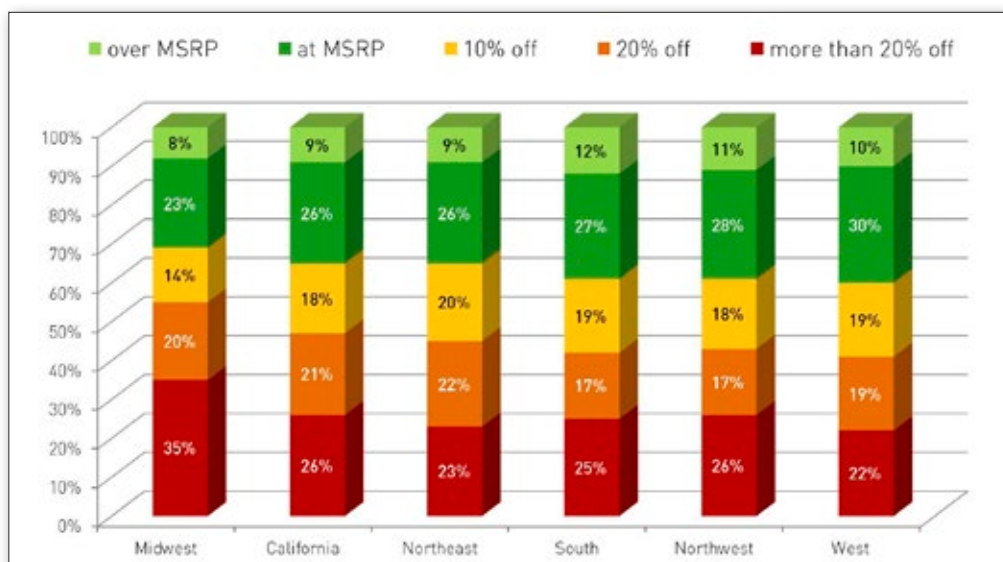
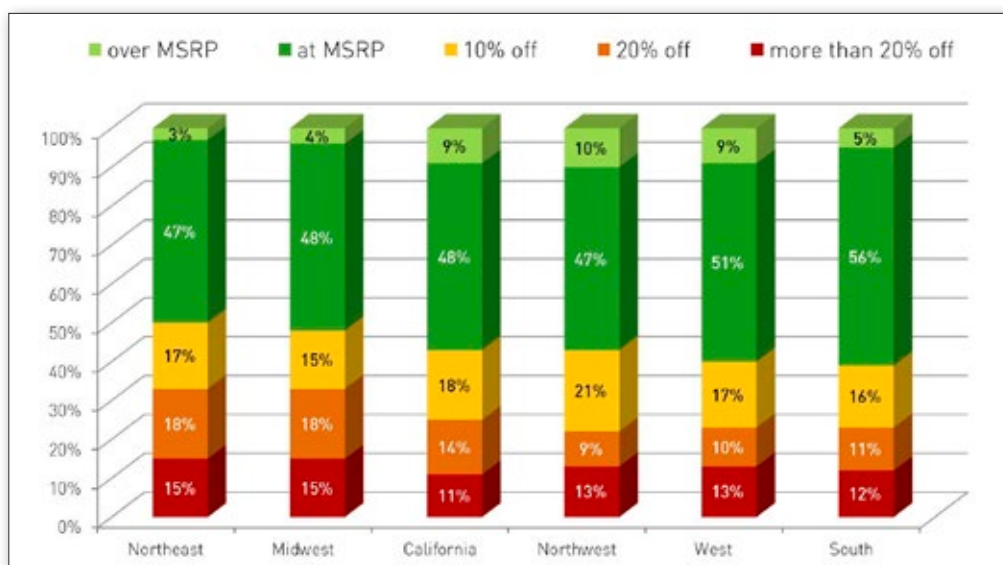


Think you could sell an additional 60% in your market? Think you could handle all the additional employees, floor space, noise and confusion? And, after you do all that, you still have the same margin dollars you generated when you held the price and sold at MSRP.

Discounts. I know. You have to do it, and it is justified. Sometimes. But when it becomes your way of thinking, when that is the manner and way you do business—it will cost you. Perhaps more than you know.

So I'm thinking about this, and wondering, just like you, what we can possibly do to get away from discounting. And I find there may just be an answer. ▶





THE SOLUTION – POINTS

Why do you pay your parts bill with your American Express card? Why do I fly Delta? Why do I stay at Marriotts, rent cars from National, and eat at Subway? Why does my wife drive out of her way to buy gas and stuff from Costco? Points man. Points. And admit it, you do it too. We are all influenced today by Loyalty Points. Ever since frequent flyer miles first appeared, points have become the new currency.

And it works. I never ask for a discount at a Marriott. I get points. I don't bargain with the Subway cashier for a better price. I get points. And I don't ask the grocery-store checkout clerk "what's my price" for the milk and bread. I get points. And I go

back, again, and again, and again. And I even walk back out to the truck to get my card when I forget to take it in. Sick, huh? Loyalty programs work. And there may be a great truth here that our industry has never quite gotten. Until now.

Loyalty is starting to appear in Powersports, Marine, and RV. There are points programs that now integrate with the Dealer Management System (DMS). Poke your head up, look around, and you'll find a solution for this discount thing. Give them points and they will be back, spending more dollars and getting their free stuff.

Loyalty programs I see look like they would cost the dealer about 5% at full redemption. So the true cost is going to

be somewhere south of that. That sure beats 50% of all customers getting 10%, 20% and more off as we are doing now. Plus, you get them back in to the store for another shot at selling them on top of their redemption. There's some good things going on here. You need to check this out.

There are ways to cut out discounting. Understand where you are. Next, understand the cost of where you are. All those folks standing at your parts counter are good customers, and you don't want to lose them. And truth is, they don't want to lose you. They like your place, and they like what you do. It's up to you to figure out how to give them the value they want, earn their loyalty, and do it without giving away the store. ■



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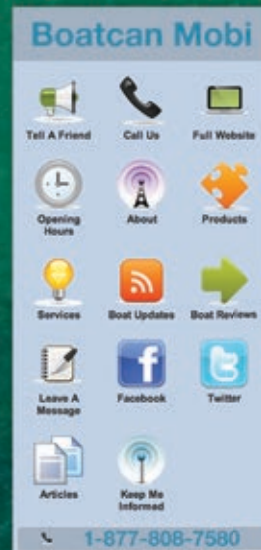
For more information on Eaton brand marina power pedestals call 1-800-975-8331 or visit us on the web at eatoncanada.ca.

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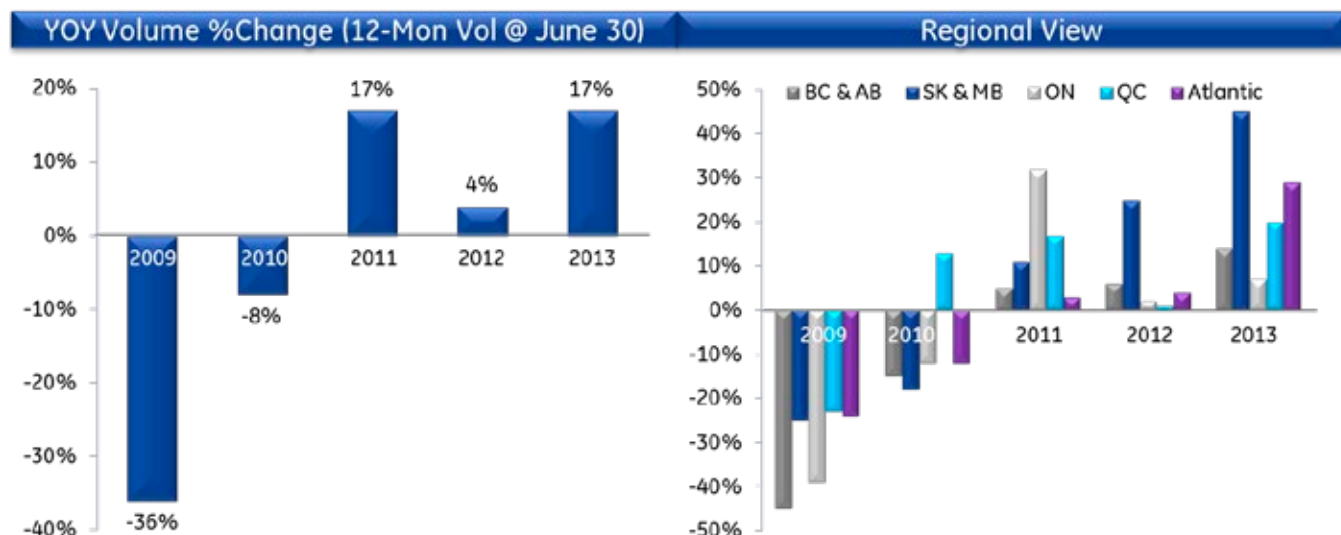


Spotlight on

Canadian Marine Industry

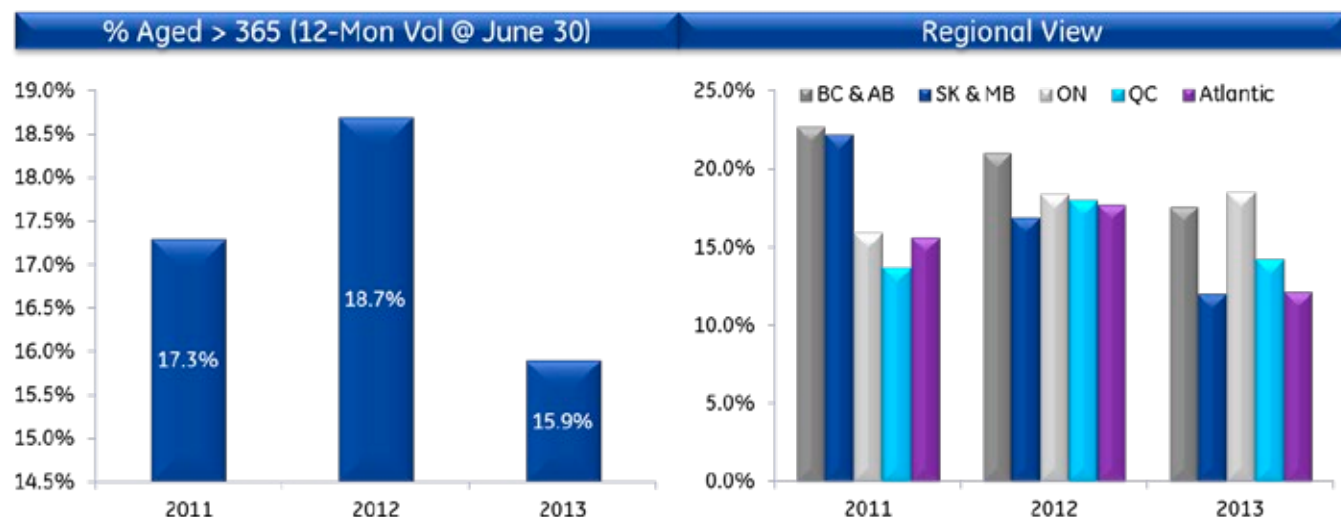
2013 Mid-season update

GE Capital, Commercial Distribution Finance Canada (CDF) is pleased to provide you with the new installment in its series of industry reviews. As a lender committed to serving the Canadian Marine Industry, CDF aims to continue to share the developments it observes in the global and Canadian economies and their impact on the Marine industry.



- The positive trend in wholesale orders in Q4'12 continued through Q1'13 as Canadian marine dealers filled orders from positive boat show results.
- A 17% increase over last year's volumes are yielding results that are within striking distance of pre-downturn levels at the national level.

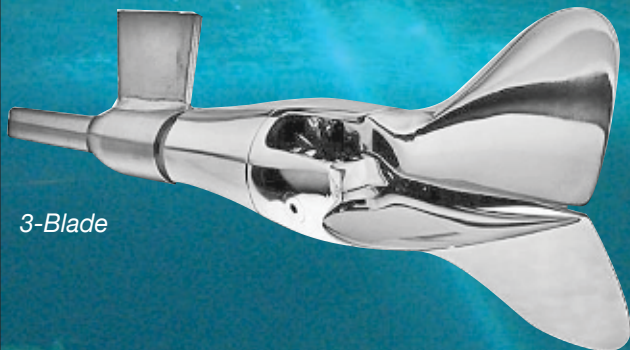
- There has been large year-over-year growth in the Prairies and Atlantic region.
- Ontario and Quebec still account for the most volume by province and continue to show good organic growth.



- The national level of inventory aged over one year old or more has decreased to 15.9% from last years moderate 18.7%
- This is considered an acceptable level of aged inventory and CDF continues to work collaboratively with its customers to monitor any situations where the levels become more concerning.

- Regionally, inventory aged over one year remains slightly more concentrated in the West and Ontario, but in most regions has decreased in 2013.
- The results are indicative of the strong 2012 selling season across Canada and there foreseeable aging trend remains positive.

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As a result of its longstanding and unique position as the leading provider of financial services to the Canadian Marine industry, CDF benefits from access to relevant information on the state of that industry. CDF imparts this information as a means to engage collaboratively with its manufacturer and dealer customers to foster a strong Canadian marine industry.

The global and Canadian environment continue to stabilize and the most recent forecasts tend to call for a lower value relative to the US dollar. While the CDF team remains close to these macro trends, its view of the Canadian marine industry remains positive.

CDF is observing a 17% increase in Canadian Marine wholesale shipments through to the end of the month of June over the same period in 2012. Across the country, the increase in ordering is driven largely by the West, with Alberta and BC up 14% over the same period in 2012, and Saskatchewan and Manitoba up 45%. Ontario is seeing more modest growth with 7% and Quebec showing a 20% increase. Finally the Maritimes are up 29% after only a slight increase in 2012 over 2011.

Cooler weather in May and June have resulted in a late start to the summer and a delay in the already short Canadian selling season. Despite the later start dealers have continued to order resulting in slightly higher than normal inventory levels and liquidations tracking slightly above last years levels.

In 2013 the level of aged inventory continues to be healthy at 15.9% after a nice decrease YOY. CDF will continue to work collaboratively with its customers to monitor the aging of boats stocked this year to ensure that the levels of aged inventory do not become concerning in 2014 and to avoid inventory build up.

The regional breakdown is fairly homogenous, decreasing in most regions in 2013 over 2012. Due to severe flooding in Southern Alberta, we will be working particularly close with dealers to keep the channel healthy below 20% aged over a year old. Atlantic Canada saw a substantial decrease, now at a very healthy 12%,

CDF understands very well the balancing act dealers aim to strike when it comes to stocking levels. Dealers thoughtful forecasting of their inventory requirements will ensure that the aging levels of the inventory remain healthy in 2014. CDF will continue to work closely and proactively with its customers to provide enough credit capacity and flexibility to match their needs.

CDF continues to work with many dealers on cash flow forecasting to anticipate potential periods of cash constraint. Even as the economy continues to strengthen this is an important aspect of business management particularly in a seasonal industry such as the Canadian Marine industry. We are also working with the experts at Spader Business Management® to share dealer performance benchmarks and strategies on budget management, and CDF's program to subsidize some of the cost of Spader's seminars has been well received by our customers.

You can be confident that CDF's proven and ongoing commitment to collaborative engagement with your industry throughout all economic cycles means that CDF will continue to work with its manufacturer and dealer customers to help build a strong and secure Canadian Marine Industry and position all of its customers to take advantage of the eventual return of consumer confidence and economic growth. CDF is investing in its resources in Canada, and is focused on smart growth and welcomes your feedback.

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