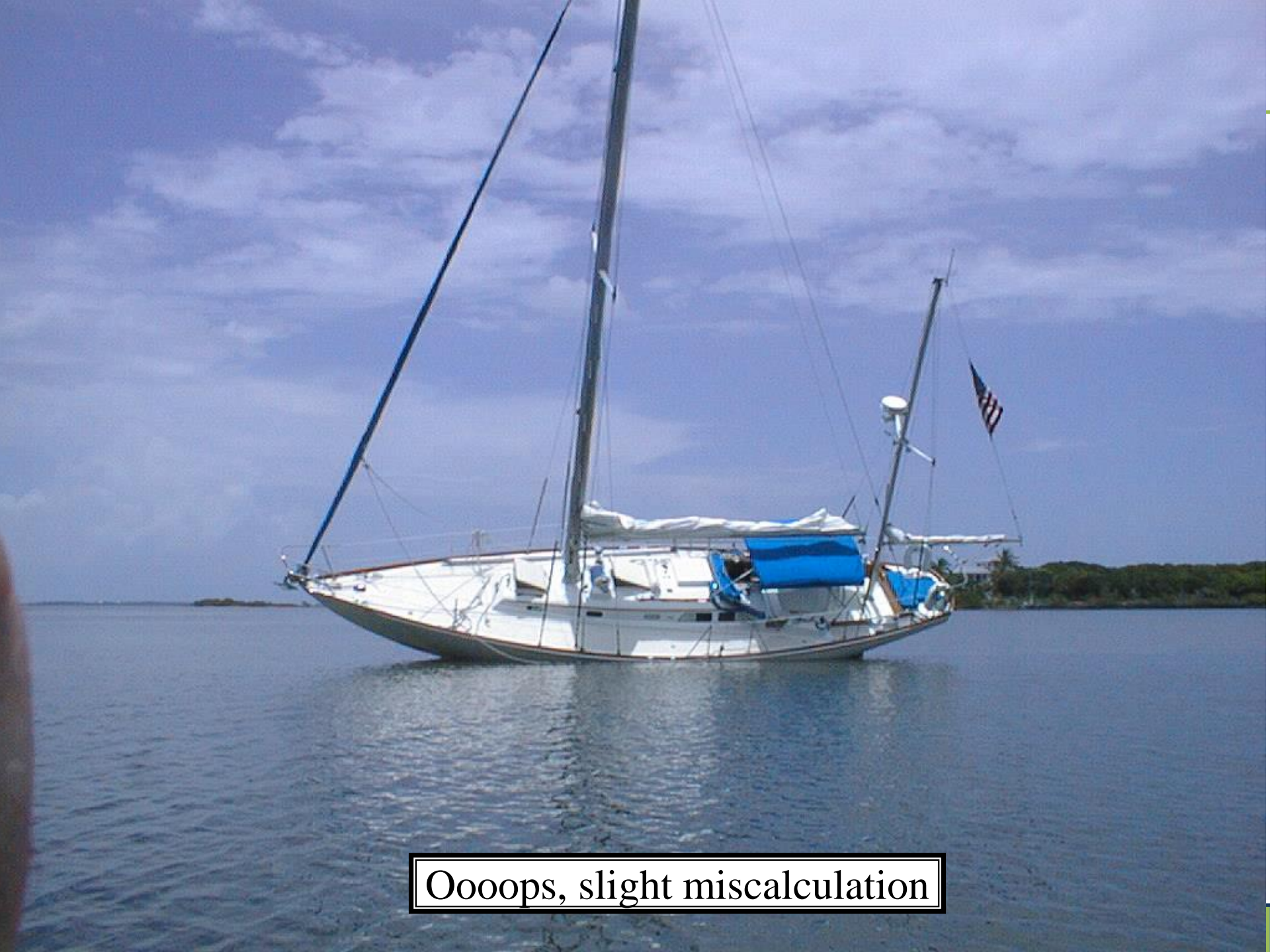


The Challenge Ahead

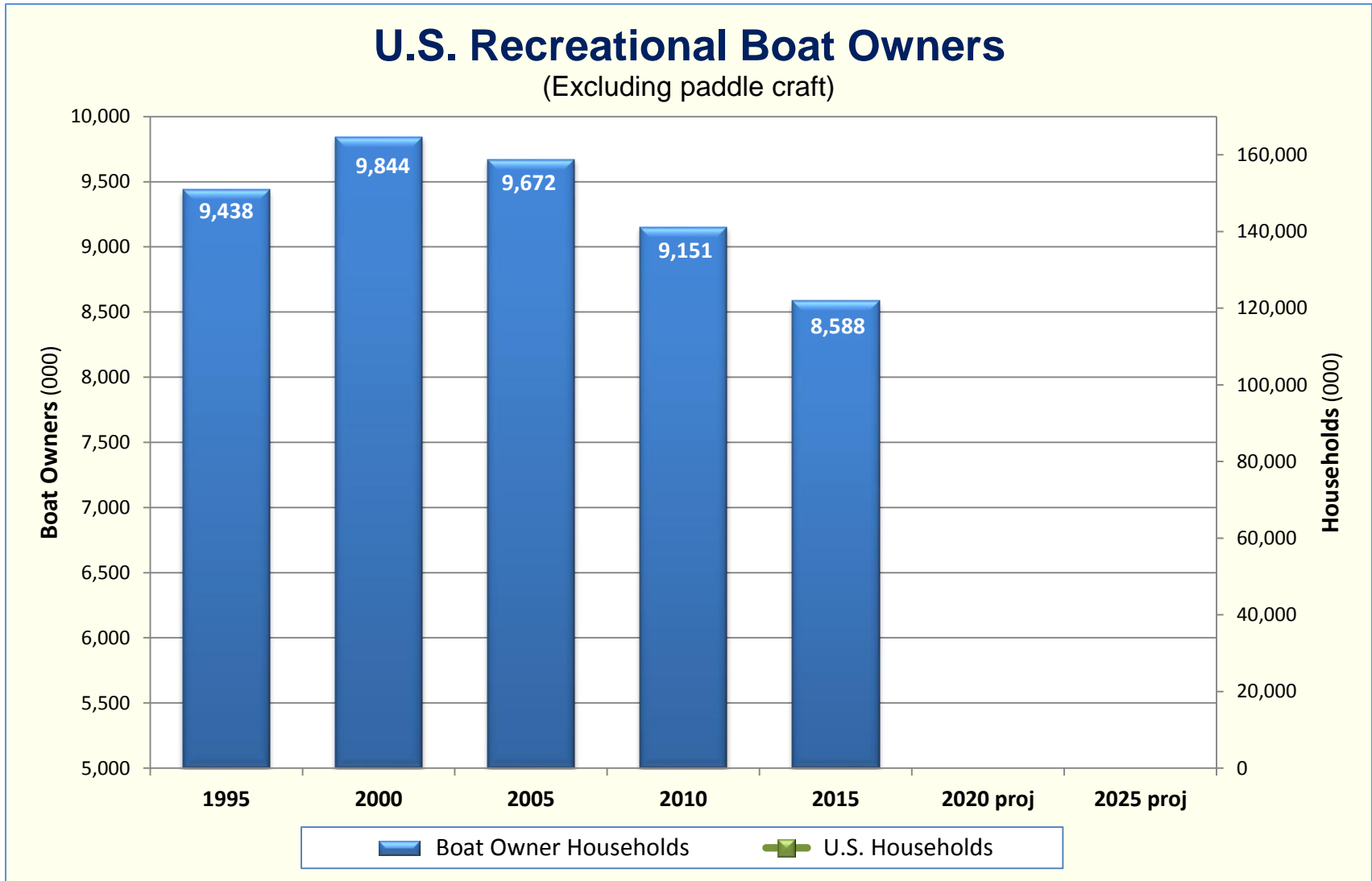
Grow Boating Marketing and
Research Summit

September 18, 2017

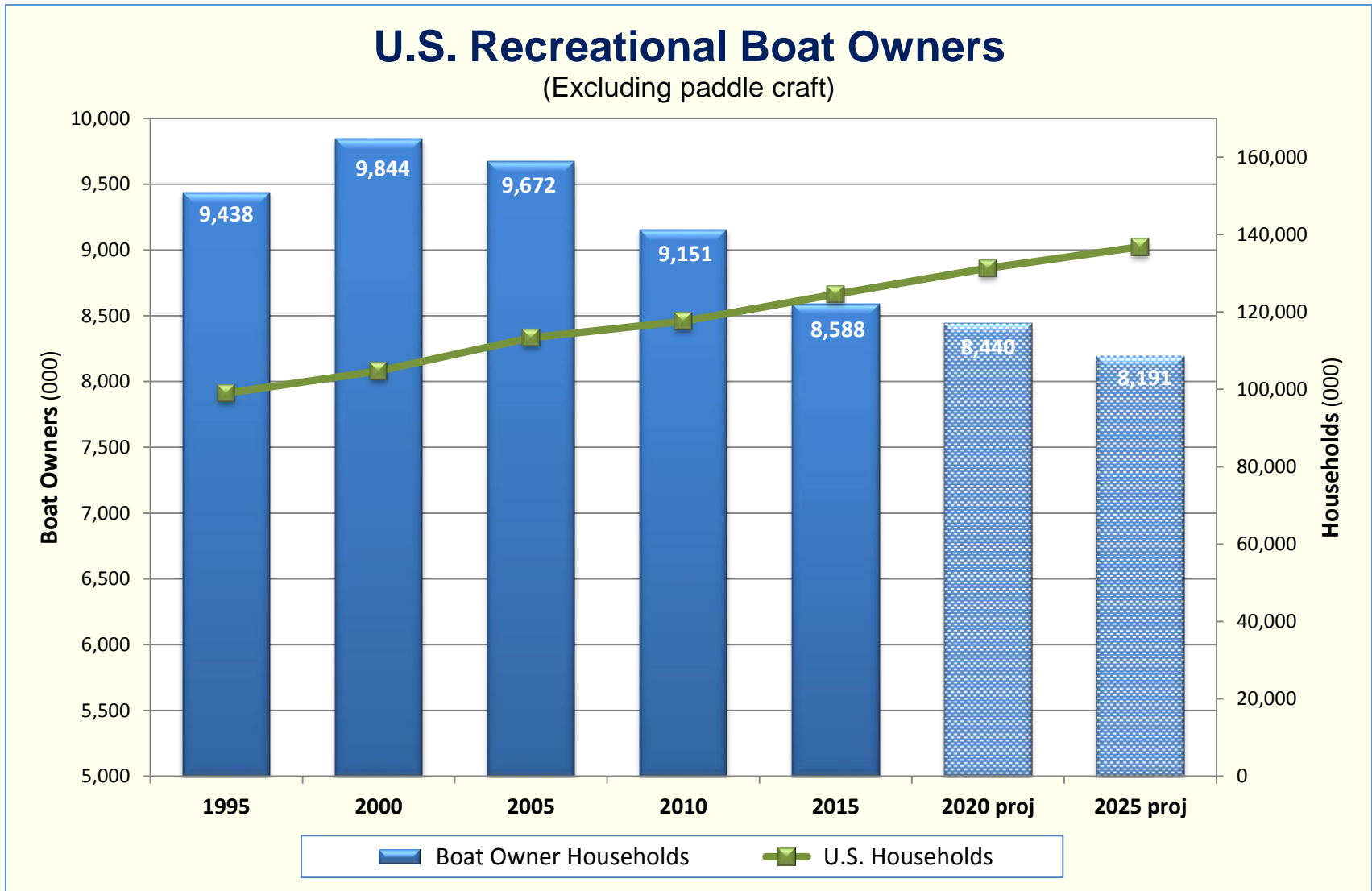


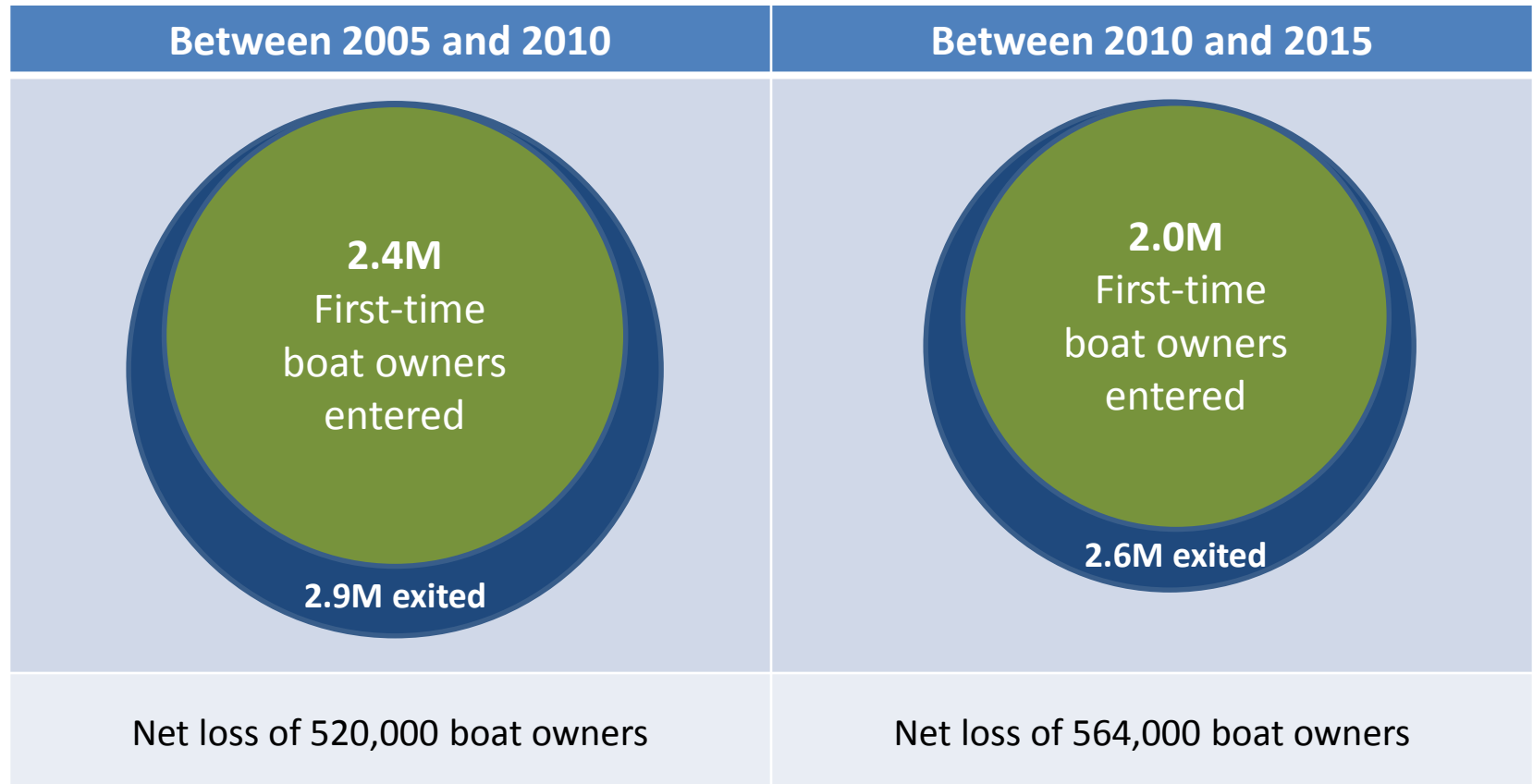
Oooops, slight miscalculation

The US Boating Population



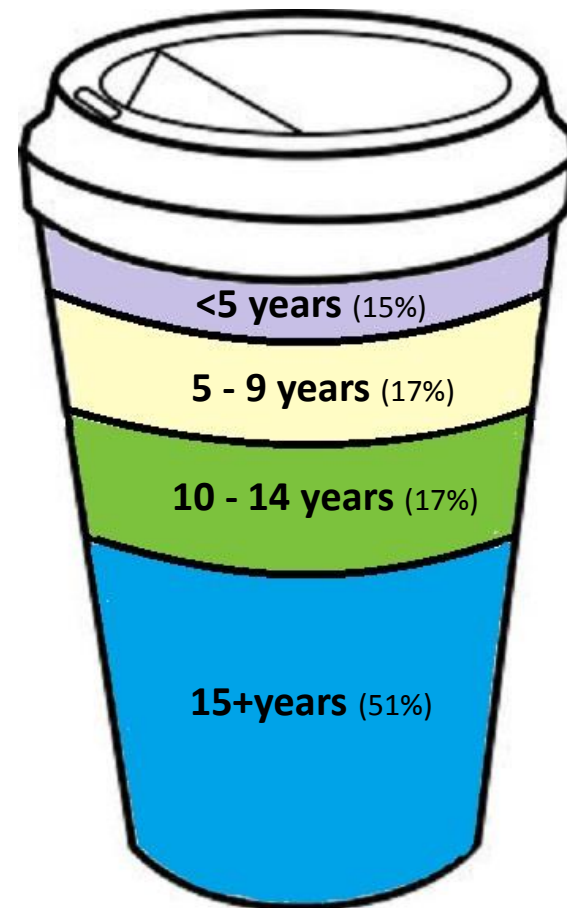
The Projected US Boating Population



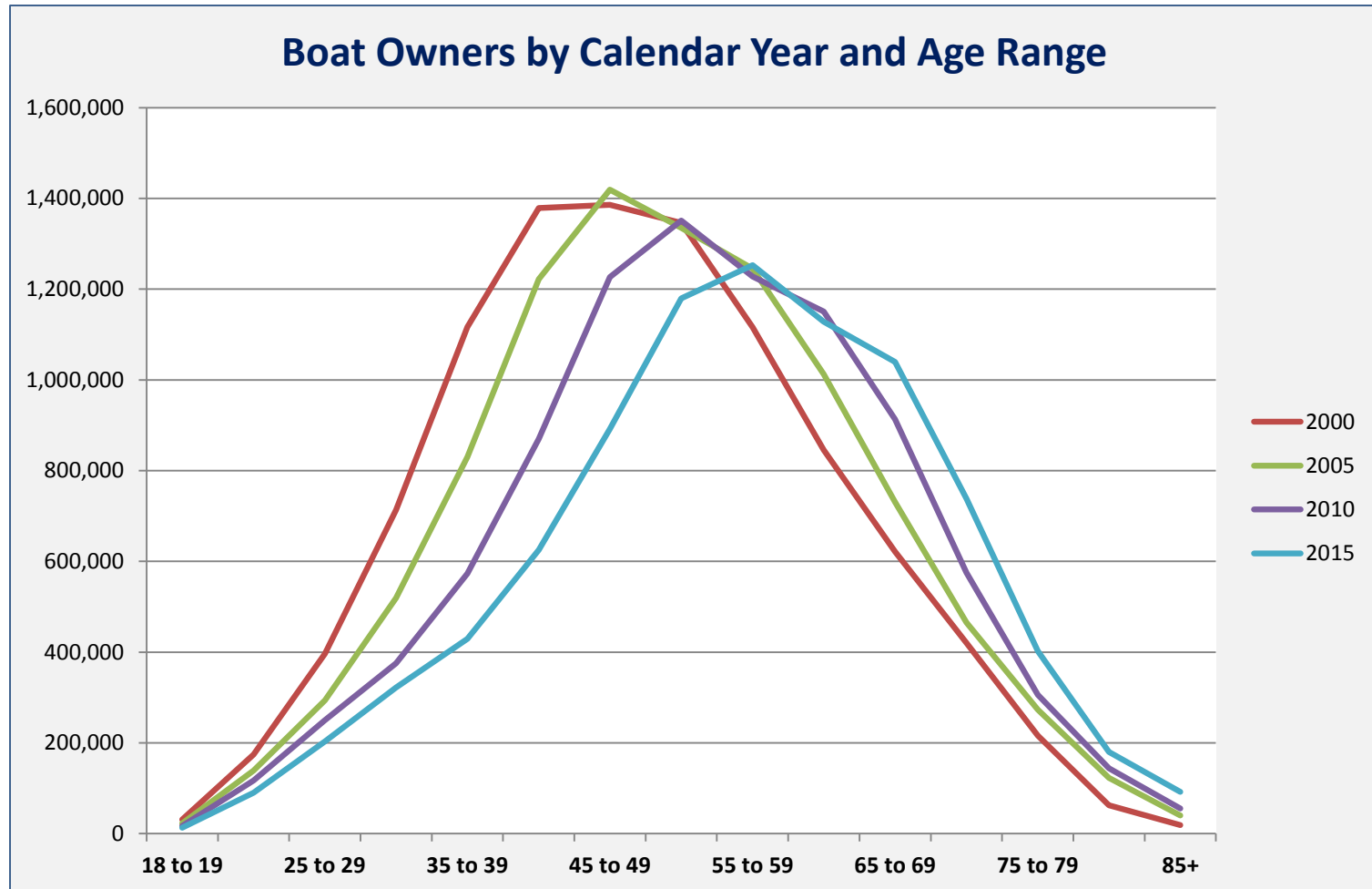


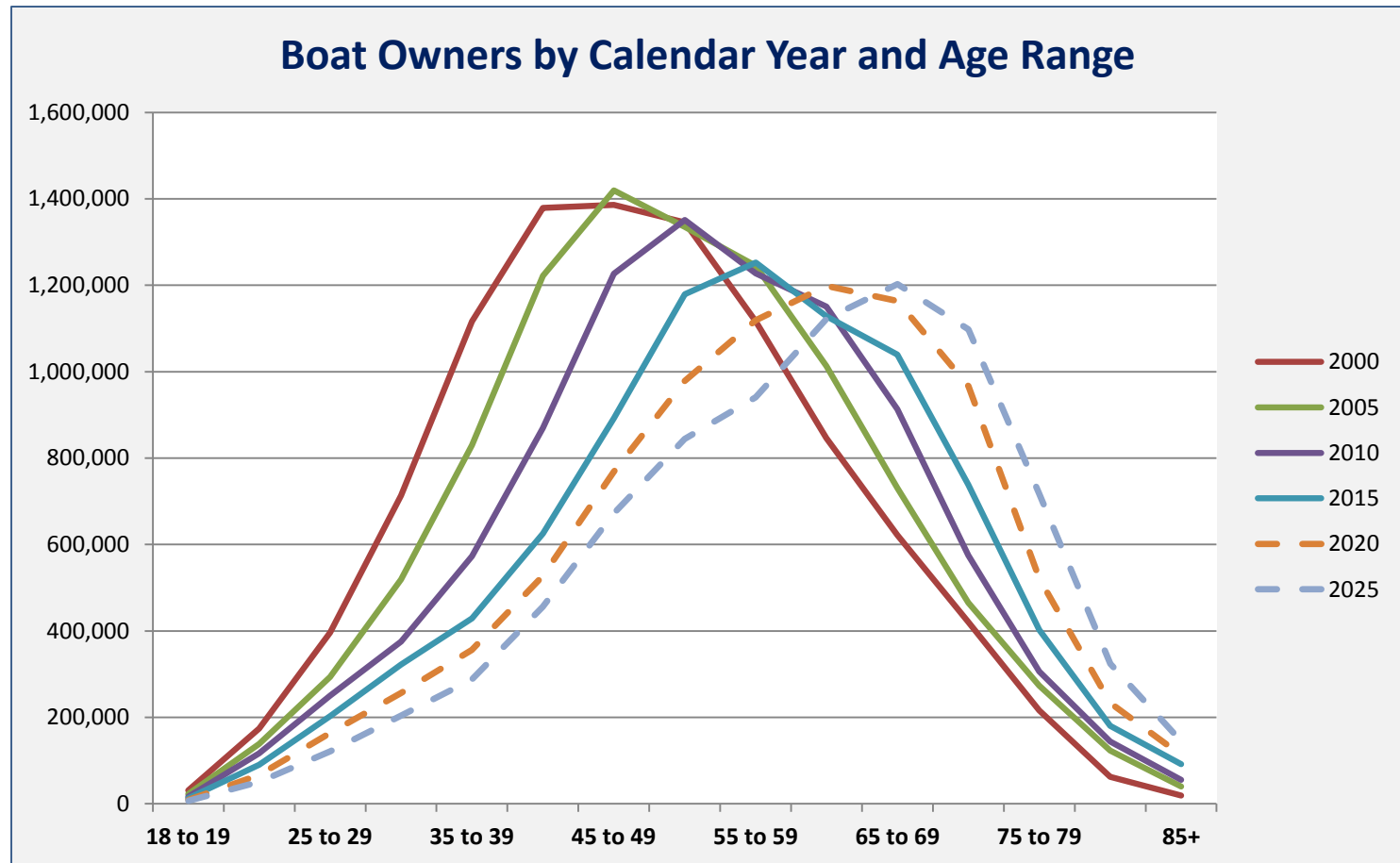
Current (2016) boat owners

Number of years since
first boat purchase



While most boaters will do so as long as they are able, the boating population is aging rapidly

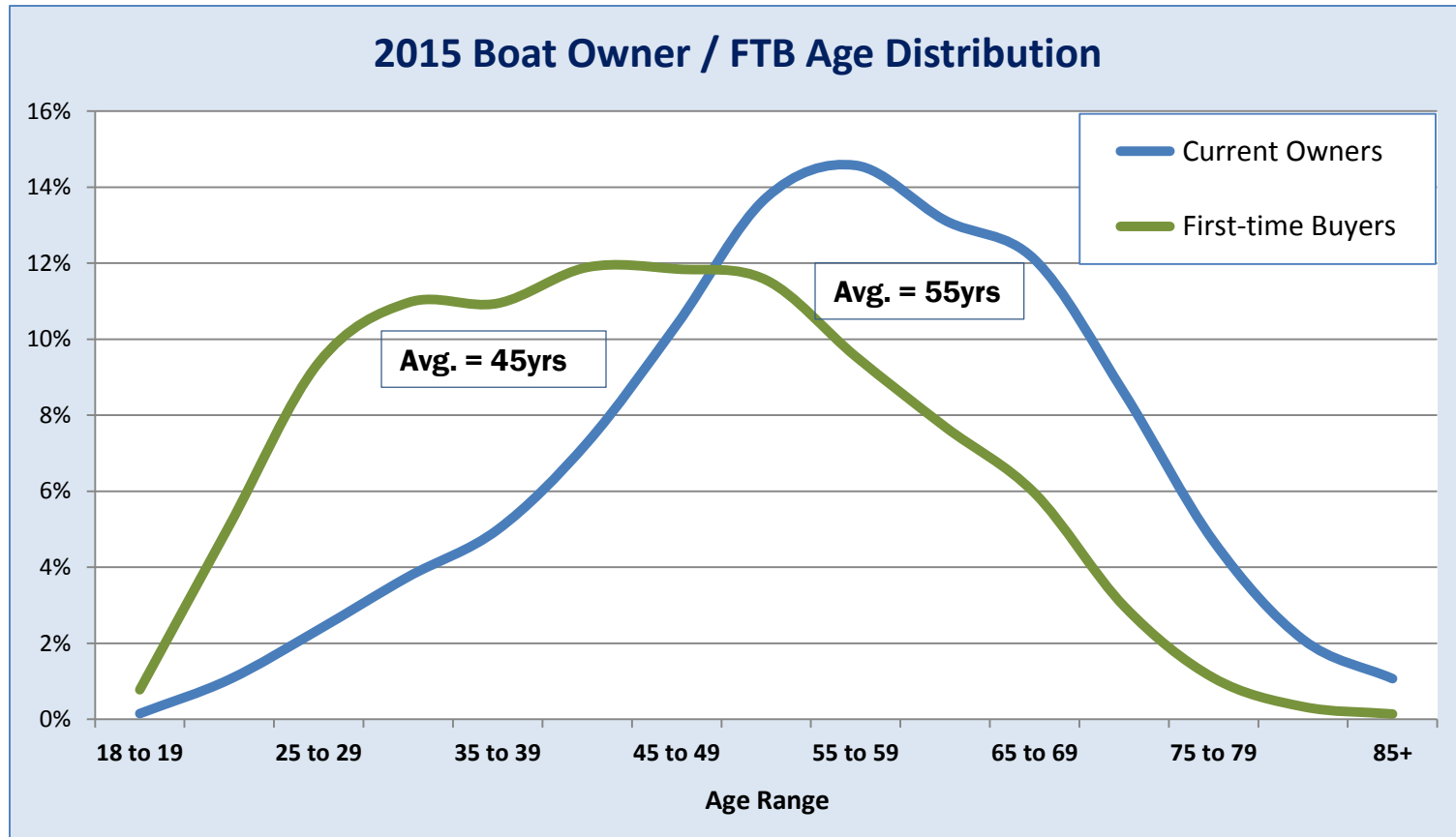




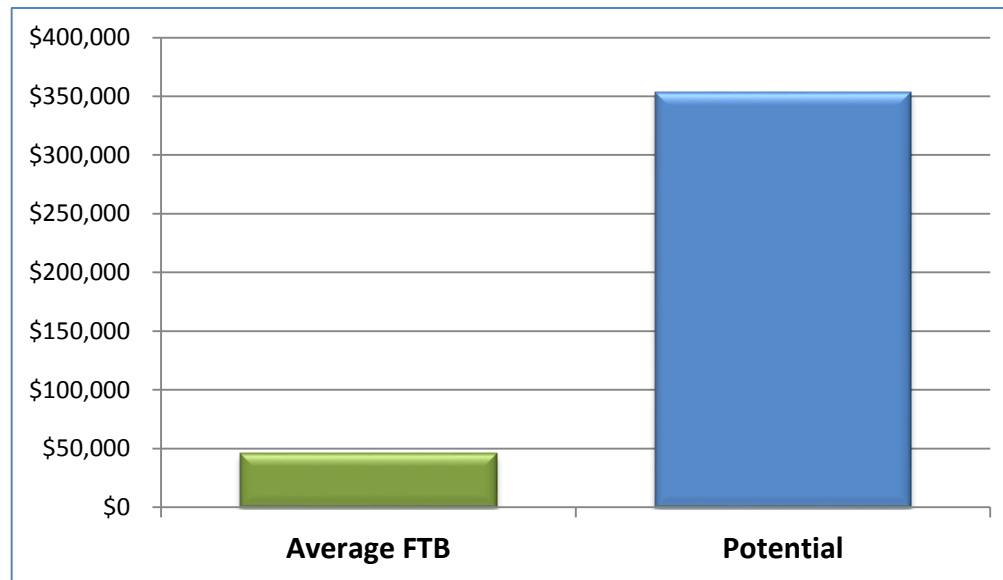
The number of first time buyers has been declining...

First-Time Buyers				
Year	New Boats	Pre-owned Boats	Total	% of All Boat Buyers
2000	175,000	458,000	633,000	42%
2005	149,000	415,000	564,000	40%
2010	55,000	364,000	419,000	37%
2015	69,000	328,000	397,000	33%

The earlier we can catch them the better



	Years of Boating	Lifetime Value *
Average first-time buyer	10	\$45,772.59
Potential (assumes a lifetime of boating)	50	\$353,563.17



* Based on NMMA's 2015 annual boating expenditure estimate of \$4,180 per boat owner and assumes a 2% annual increase in spending.

Retention and Defection

2005 Buyers Current Ownership Status by Buyer Type		
Buyer Type	Own	Sold
First Time Buyer	29%	71%
Repeat Buyer	33%	67%
Grand Total	31%	69%

2005 Buyers Retention Rate - First Time vs Repeat Buyers		
Buyer Type	Purch Another boat	Left Boating
First Time Buyer	27%	73%
Repeat Buyer	49%	51%
Grand Total	38%	62%

2005 First Time Boat Buyers Retention Rate by Boat Type		
BOAT_TYPE	Purch Another Boat	Left Boating
Cruiser	27%	73%
Freshwater Fish	29%	71%
Pontoon	28%	72%
PWC	26%	74%
Runabout	26%	74%
Sail	23%	77%
Saltwater Fish	27%	73%
Tow Boat	26%	74%
Yacht	28%	72%
Other	29%	71%
Grand Total	27%	73%

Retention and Defection

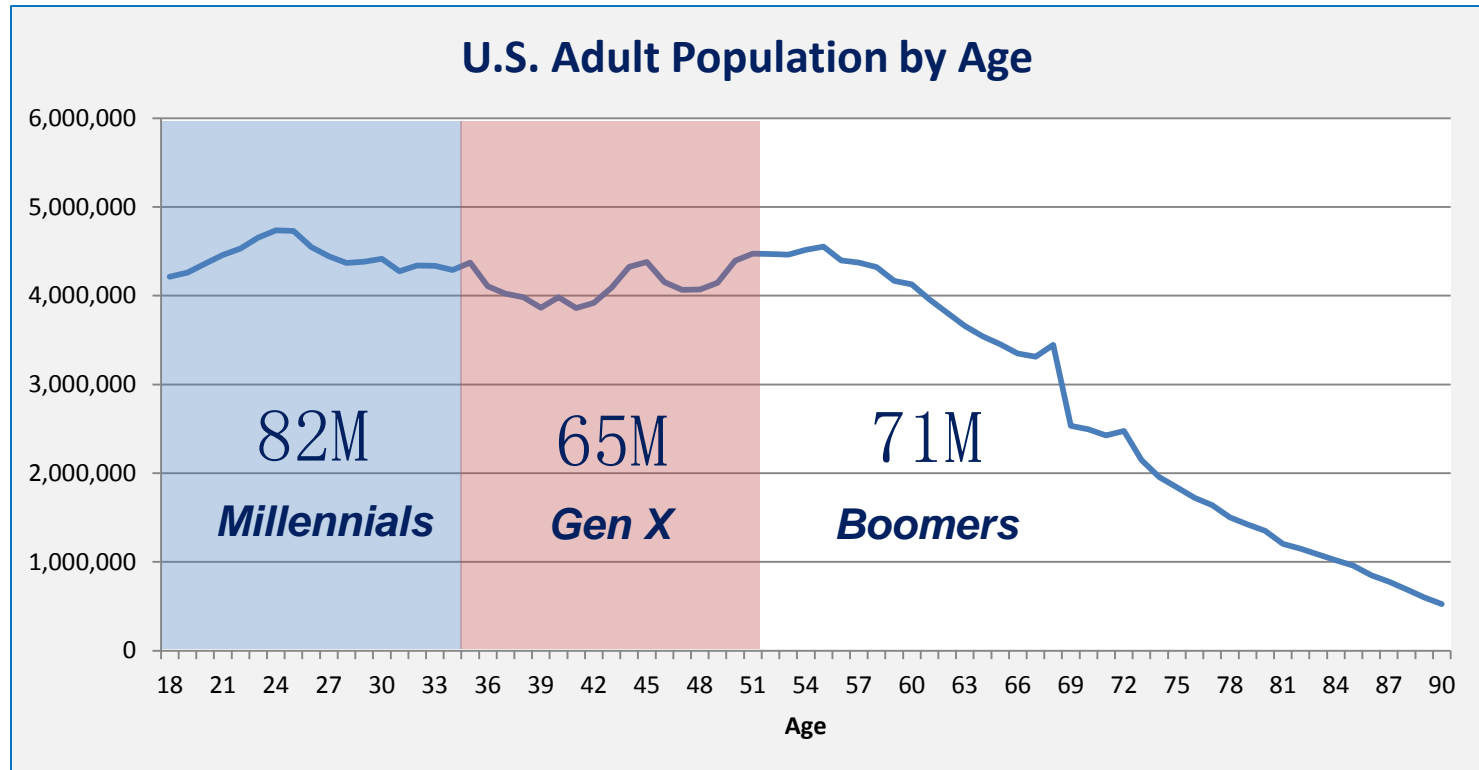
2005 Buyers and Current Ownership Status				2005 First Time Buyers Retention Rate by Purchase Type		
Buyer Type	PURCH_TYPE	Current	Sold		Purchased Another Boat	Left Boating
First Time Buyer	NEW	42%	58%			
First Time Buyer	PRE-OWNED	24%	76%	PURCH_TYPE		
Repeat Buyers	NEW	45%	55%	New	26%	74%
Repeat Buyers	PRE-OWNED	26%	74%	Pre-Owned	28%	72%
Grand Total		31%	69%	Grand Total	27%	73%

First Time Buyers by Purchase Year and Sale Year				Years from Purchase Sold											
PURCH_YEAR	Current	Sold	< 1 Yr	1 - 2 Yrs	2 - 3 Yrs	3 - 4 Yrs	4 - 5 Yrs	5 - 6 Yrs	6 - 7 Yrs	7 - 8 Yrs	8 - 9 Yrs	9 - 10 Yrs	10 - 11 Yrs	11 - 12 Yrs	12 Yrs
2005	29%	71%	7%	10%	9%	9%	7%	6%	6%	5%	4%	4%	3%	2%	
2006	32%	68%	8%	10%	9%	9%	7%	6%	5%	4%	4%	3%	2%		
2007	34%	65%	7%	10%	10%	8%	7%	6%	5%	4%	4%	2%			
2008	38%	62%	8%	10%	10%	8%	7%	6%	5%	4%	3%				
2009	39%	61%	10%	11%	9%	9%	7%	6%	5%	3%					
2010	43%	57%	9%	10%	11%	9%	7%	6%	4%						
Grand Total	35%	65%	8%	10%	10%	9%	7%	6%	5%	4%	3%	2%	1%	0%	

So what about Millennials?

- We are not alone..millennials are reshaping (and in some cases killing) entire industries
 - Beer
 - Motorcycles
 - Golf
 - College Sports
 - Cars
 - Vacations
 - Fitness
 - Loyalty Programs
 - The list goes on and on

There are a lot of them



[20 million boat owner households with children]

$$\begin{aligned}
 & / 1 + \frac{\alpha}{\pi p^2} \int_0^\infty dk \frac{k^2 F(k; \xi)}{k^2 + \mathcal{M}^2(k; \xi)} \left\{ a(k, p) \left[-\xi \left(1 - \frac{k^2 + p^2}{2kp} \ln \left| \frac{k+p}{k-p} \right| \right) \right] \right. \\
 & + b(k, p) \left[2(k^2 + p^2) \left(1 - \frac{k^2 + p^2}{2kp} \ln \left| \frac{k+p}{k-p} \right| \right) - \xi \left(k^2 + p^2 - \frac{(k^2 - p^2)^2}{2kp} \ln \left| \frac{k+p}{k-p} \right| \right) \right] \\
 & \left. - c(k, p) \left[2 \left(1 - \frac{k^2 + p^2}{2kp} \ln \left| \frac{k+p}{k-p} \right| \right) - \xi \left(1 - \frac{k^2 - p^2}{2kp} \ln \left| \frac{k+p}{k-p} \right| \right) \right] \right\}, \frac{\mathcal{M}(p; \xi)}{F(p; \xi)} \\
 & = \frac{\alpha}{\pi} \int_0^\infty dk \frac{k^2 F(k; \xi)}{k^2 + \mathcal{M}^2(k; \xi)} \left\{ a(k, p) \mathcal{M}(k; \xi) \left[(2 + \xi) \frac{1}{kp} \ln \left| \frac{k+p}{k-p} \right| \right] \right. \\
 & + b(k, p) \mathcal{M}(k; \xi) \left[\frac{2(k^2 + p^2)}{kp} \ln \left| \frac{k+p}{k-p} \right| + 2(\xi - 2) \right] \\
 & \left. + c(k, p) \left[\frac{(2 + \xi)k^2 + (2 - \xi)p^2}{2kp} \ln \left| \frac{k+p}{k-p} \right| + (\xi - 2) \right] \right\}
 \end{aligned}$$

X ~2.5 million children / HH = **44.6 million**

- They have embraced the “sharing economy” and inspired new services that provide access to products and experiences without having to own



- They are digitally intertwined and electronically dependent
- Still, by all indications, **they like boating and almost everything it has to offer!**

- Continue catering to the needs of our base and help them to remain in boating as long as possible
- Find ways to identify and increase the number of participants (not just millennials)
- Find ways to remove obstacles between consideration and purchase
- Determine if there is anything specific that we can do to increase retention rate/reduce churn among first time boaters
- Recognize and prepare for the fact that boating may be consumed differently than we are used to