

The Challenge Ahead

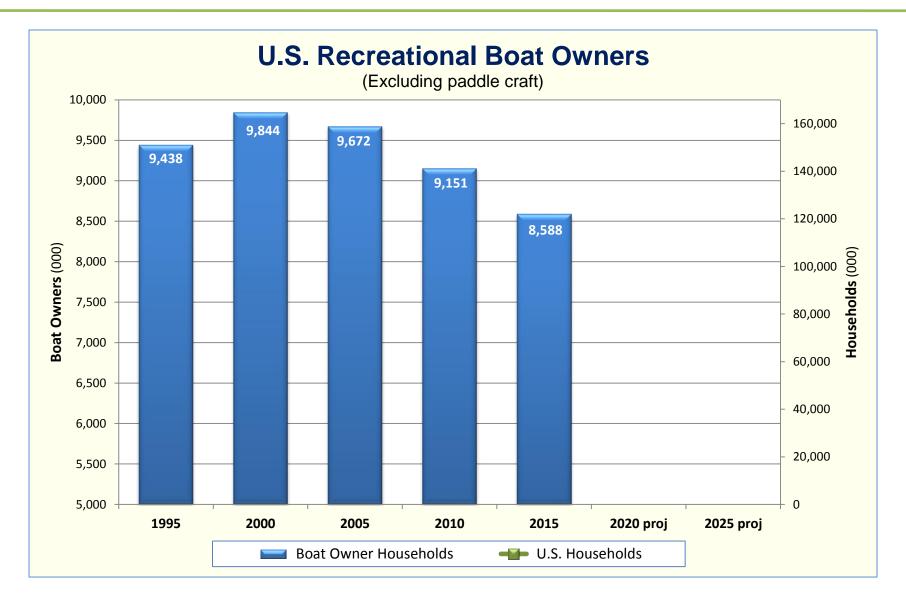
Grow Boating Marketing and Research Summit

September 18, 2017



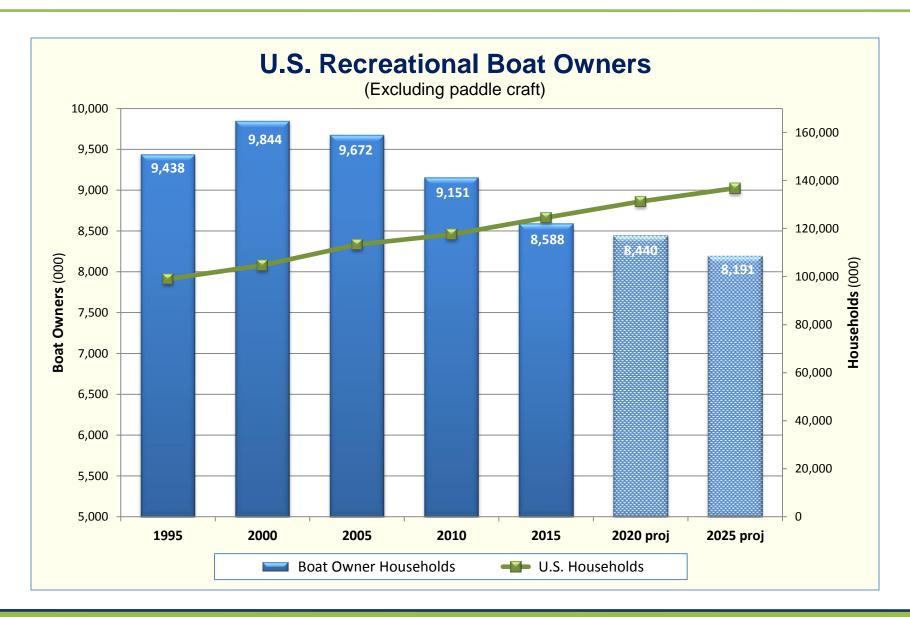


The US Boating Population



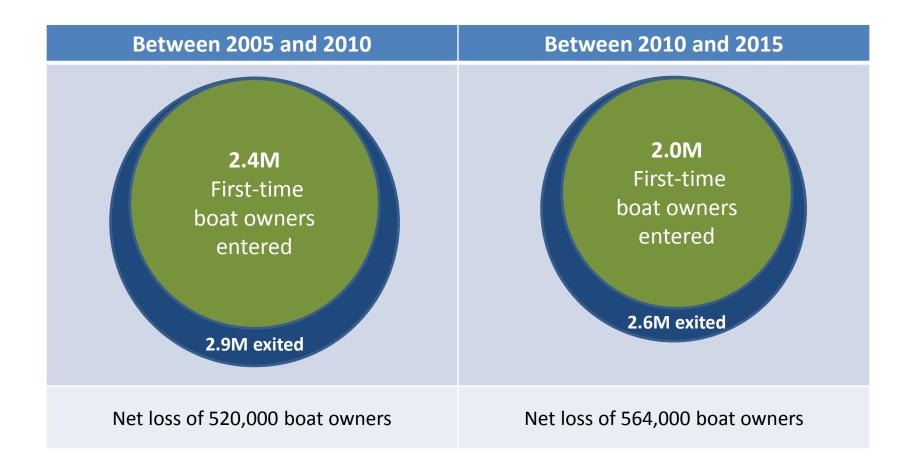


The Projected US Boating Population





infolink We are not replacing them as quickly as we lose them

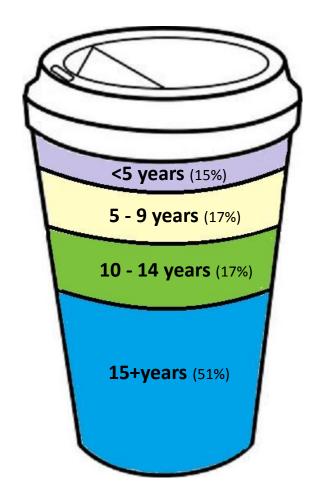




The good news is we have large and loyal customer base

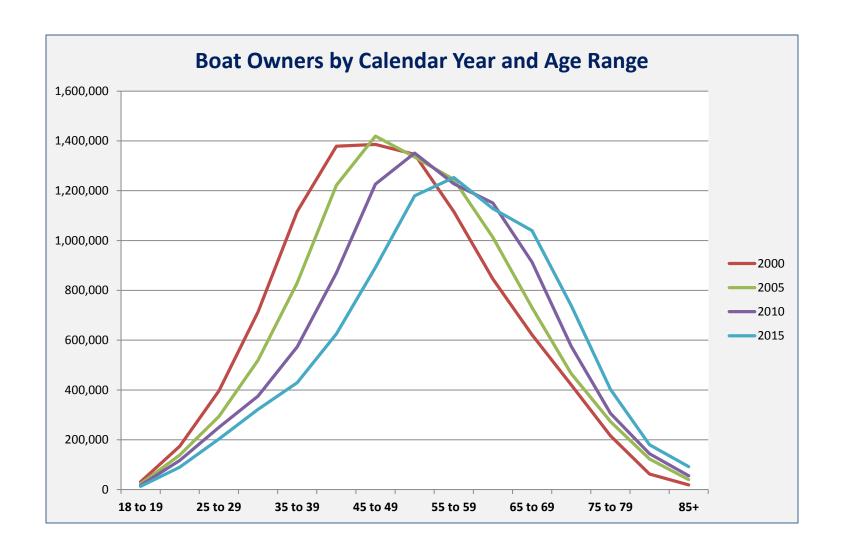
Current (2016) **boat owners**

Number of years since first boat purchase



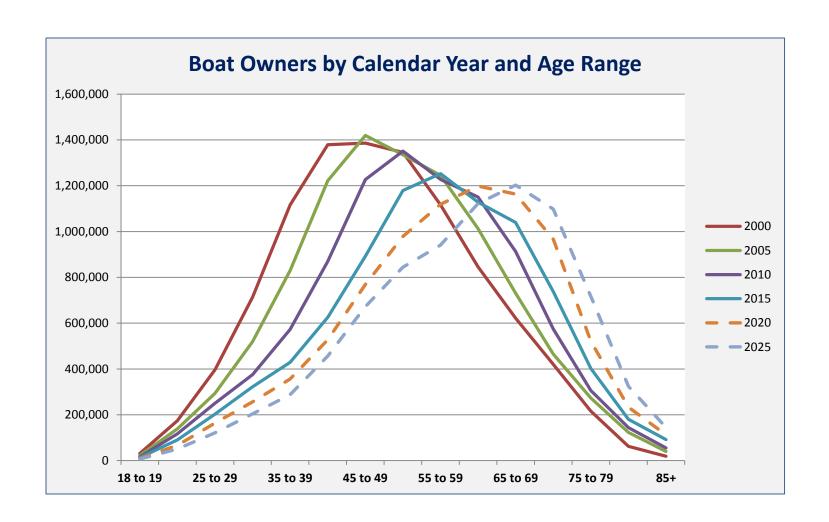


While most boaters will do so as long as they are able, the boating population is aging rapidly





We have some time, but clearly the clock is ticking



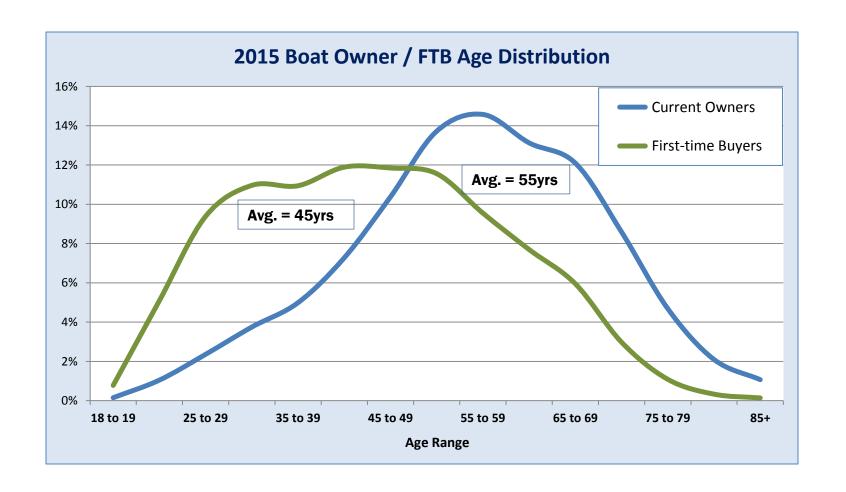


The number of first time buyers has been declining...

	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%							



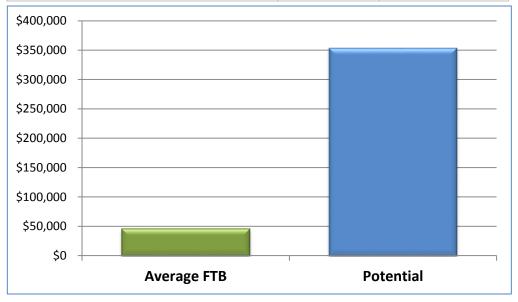
The earlier we can catch them the better





The goal is to maximize lifetime value, not just sell them the first boat

	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 Owr	nership Status by Buye	r Type	2005 Buyers Retention Repeat Buyers	n Rate - First Time vs	5	
·	Still		Repeat Buyers		Lef	t
Buyer Type	Own	Sold	Buyer Type	Purch Another boat Boating		
First Time Buyer	29%	71%	First Time Buyer		27%	73%
Repeat Buyer	33%	67%	Repeat Buyer		49%	51%
Grand Total	31%	69%	Grand Total		38%	62%

2005 First Time Boat Buyers Retention Rate b	y Boat Type				
BOAT_TYPE	Purch Another Boat	Left Boatir	ng		
Cruiser	279	6	73%		
Freshwater Fish	299	6	71%		
Pontoon	289	6	72%		
PWC	269	6	74%		
Runabout	269	6	74%		
Sail	239	6	77%		
Saltwater Fish	279	6	73%		
Tow Boat	269	6	74%		
Yacht	289	6	72%		
Other	299	6	71%		
Grand Total	279	6	73%		



Buyer Type

Grand Total

2005 Buyers and Current Ownership Status

PURCH_TYPE

65%

35%

Retention and Defection

Sold

Current

NEW		42%	58	3%						Anot		l eft		
PRE-0	OWNED	24%	76	5% _[PURC	H_TY	PE							
				ſ	New						26%		74%	ó
NEW		45%	55	5% r	Pre-O۱	wned	l				28%		72%	ó
PRE-0	OWNED	26%	74	1% (Grand	Tota	l				27%		73%	ó
		31%	65	}% ¯										
rchase Y	ear and	Yea	ars froi	m Purc	hase S	Sold								
		1 -	- 2 2	2 - 3	3 - 4 4	- 5	5 - 6 (6 - 7	7 - 8	8 - 9	9 - 10	10	- 1	1 -
Current	Sold	1 - < 1 Yr Yrs			3 - 4 4 Yrs Y				7 - 8 Yrs	8 - 9 Yrs	9 - 10 Yrs			1 - 2 Yrs
Current 29%	Sold 71%	_			Yrs Y		Yrs `		Yrs	Yrs	Yrs	11		
		< 1 Yr Yrs	s Y	rs `	Yrs Y 9%	rs	Yrs `	Yrs	Yrs 5%	Yrs 6 4%	Yrs 49	11 %	Yrs 1	2 Yrs
29%	71%	< 1 Yr Yrs 7%	s Y 10%	rs 9%	Yrs Y 9% 9%	rs 7%	Yrs ` 6% 6%	rs 6%	Yrs 5% 4%	Yrs % 4% % 4%	Yrs 4% 3%	11 % %	Yrs 1 3%	2 Yrs
29% 32%	71% 68%	< 1 Yr Yrs 7% 8%	s Y 10% 10%	rs 9% 9%	Yrs Y 9% 9% 8%	rs 7% 7%	Yrs ' 6% 6% 6%	rs 6% 5%	Yrs 5% 4% 4%	Yrs % 4% % 4% % 4%	Yrs 4% 3% 2%	11 % %	Yrs 1 3%	2 Yrs
29% 32% 34%	71% 68% 65%	< 1 Yr Yrs 7% 8% 7%	s Y 10% 10% 10%	rs 9% 9% 9% 10%	Yrs Y 9% 9% 8% 8%	rs 7% 7% 7%	Yrs ` 6% 6% 6% 6%	Yrs 6% 5% 5%	Yrs 5% 4% 4% 4%	Yrs 4 4% 4 4% 4 4% 4 3%	Yrs 4% 3% 2%	11 % %	Yrs 1 3%	2 Yrs
	PRE-C	PRE-OWNED	PRE-OWNED 24% NEW 45% PRE-OWNED 26% 31%	PRE-OWNED 24% 76 NEW 45% 55 PRE-OWNED 26% 74 31% 69	PRE-OWNED 24% 76%	PRE-OWNED 24% 76% PURCH New NEW 45% 55% Pre-Owned 26% 74% Grand 31% 69%	PRE-OWNED 24% 76% PURCH_TY New NEW 45% 55% Pre-Owned PRE-OWNED 26% 74% Grand Tota 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE New NEW 45% 55% Pre-Owned PRE-OWNED 26% 74% Grand Total 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE New New PRE-OWNED 45% 55% Pre-Owned PRE-OWNED 26% 74% Grand Total 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE New NEW 45% 55% Pre-Owned PRE-OWNED 26% 74% Grand Total 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE Box New NEW 45% 55% Pre-Owned PRE-OWNED 26% 74% Grand Total 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE Boat New 26% NEW 45% 55% Pre-Owned 28% PRE-OWNED 26% 74% Grand Total 27% 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE Boat Boat New 26% NEW 45% 55% Pre-Owned 28% PRE-OWNED 26% 74% Grand Total 27% 31% 69%	PRE-OWNED 24% 76% PURCH_TYPE Boat Boating New 26% 74% NEW 45% 55% Pre-Owned 28% 72% PRE-OWNED 26% 74% Grand Total 27% 73% 31% 69%

10%

8%

10%

9%

7%

6%

4%

3%

2%

1%

0%

5%

2005 First Time Buyers Retention Rate by

Purchased

Purchase Type

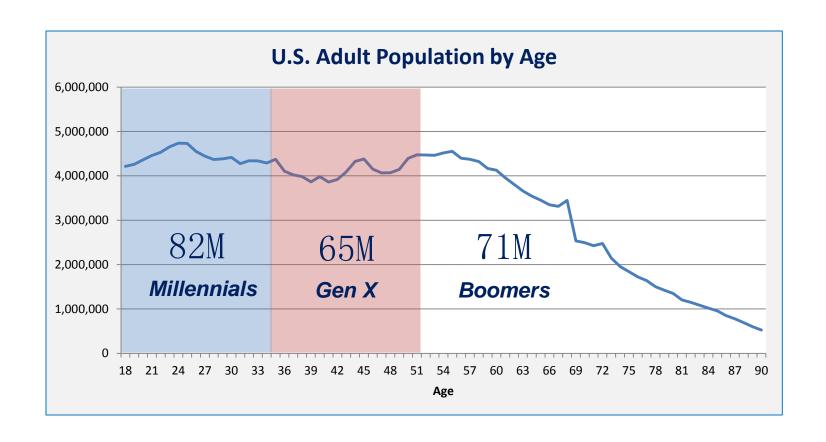


So what about Millennials?

- 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





The good news, a lot of them grew up with exposure to boating

[20 million boat owner households with children]

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

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!



As an industry we need to remain situationally aware and take action to influence outcomes

- 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