

THE LUXURY YACHT BUSINESS IS RIDING ON THE CREST OF A WAVE AT THE MOMENT. BOATS ARE BIGGER, CLIENTS MORE CONFIDENT AND SERVICE PROVIDERS MORE PROFESSIONAL THAN EVER. SO IT'S EASY TO FORGET THAT THIS IS A YOUNG INDUSTRY THAT HAS NOT ALWAYS BEEN SO BUOYANT. FROM THEIR VANTAGE POINT AT THE HEAD OF THE NIGEL BURGESS GROUP, **JONATHAN BECKETT** AND **DANIEL PONCHAU** OFFER A PERSONAL VIEW ON THE PROSPECTS AND POTENTIAL OF THE MARKET.

“KNOWING THIS MARKET MEANS KNOWING PEOPLE AND THEIR PASSIONS.”

VIEW FROM THE BRIDGE

“These are exciting times,” agree Beckett and Ponchau, speaking of a market that has been their natural environment for the whole of their working lives. Boats have always figured in Jonathan Beckett’s ambitions – from his boyhood sailing in Norfolk, England, to his first job as a yacht broker in Greece, to his current position with the Nigel Burgess Group. “I always knew I wanted to do something with boats,” is a typical understatement.

and selling yachts into the highly professional market of today? One primary catalyst is economic necessity. Beckett recalls the ‘good old days’ with some nostalgia, without entirely wishing to be back there. “In 1981, when I went to work for Nigel Burgess in Monaco, we were three people: Nigel Burgess, myself and a secretary, Kate Chapelier, who is still with us today in a senior capacity. In 1983, I came back to England and opened Nigel Burgess’s London office.” At this time, Daniel Ponchau was forming his

in yachting at that time, it was quite an innovation. From there, with an excellent team in London and Monaco, we built up the company to what it is today.” The expansion programme continues and in 2004, Nigel Burgess opened offices in New York and Moscow. Beckett cautions: “it has not all been growth. At the moment we’re operating in buoyant conditions, and yet the market has had some big ups and downs. There was a period where we went for 18 months without selling a thing. But since the last big downturn, in 1989-90, it’s been steadily growing.”

With yachts at the top end of the luxury purchase spectrum, it is not surprising that the ebb and flow of the market should follow wider economic patterns. Consolidation is a feature of most maturing markets, and Beckett sees more to come. “I expect more mergers and acquisitions, more smaller companies being absorbed and bought by larger ones, and more strategic alliances. Smaller companies are finding it increasingly difficult to win new business and to offer the full service that clients are looking for. This is now a full service industry.”

A HIGHLY PROFESSIONAL, FIERCELY COMPETITIVE INDUSTRY

It is also a more professional industry than it once was, and not only thanks to increased regulation. “Boats are built to higher safety standards and a high standard of professionalism is expected from everyone, from brokers and shipbuilders to captains.”

The move towards a full service offering is a classic response to market volatility and fierce competition. “At our end of the yacht market (over 130 feet or 40 metres) there are only three or four specialists. In a year, there are about 30 or 40 sales in the world. We’d hope to sell 12 of them, and there will always be a number that go to non-specialists. You can put a lot of effort into selling any large yacht and get nothing at the end of it. It can be frustrating: it’s fiercely competitive,” explains Ponchau.

Charter, charter management, yacht management and technical services all provide more predictable and robust income streams alongside the more fickle yacht brokerage business. “With these activities, we are much more able to plan, to look ahead. Take the sheer number of yachts that have been built over the past ten years. We have 14 yachts now under construction for clients, and they’re very big. These boats are going to be around for the next 30 to 40 years. They’re not going to disappear, they’ll need managing, crewing, chartering, maintaining: they are a real tangible market.”

The full service approach has also impacted on client expectations. On the one hand it has opened up the opportunity to build deeper, more personal and more long-term relationships with clients. Rather than speaking to clients only at the point they wish to buy or sell a yacht,

companies like Nigel Burgess can be in a continuous dialogue with them. On the other hand, it has raised expectations to extraordinary levels.

THE BIGGEST DRIVER IN THIS MARKET IS THE CLIENT

The level of personal service offered to individual clients is vital, as Beckett explains: “It is all about personal relationships. If someone calls from Saudi Arabia or Mexico, they expect me to get on a plane and meet them personally. If an American client is chartering a yacht in the Mediterranean, we will often fly someone down to meet him and take him aboard.” Maintaining this level of personal involvement in an expanding market is certainly a challenge. Jonathan Beckett takes upwards of a couple of hundred flights a year to meet his clients face to face, and insists that it’s the most important part of his job.

“The biggest driver in this market is the client,” agrees Ponchau. But there clearly is no such thing as a typical client. “Thirty years ago there were a few people with a few million. Now thousands of people have the kind of money to be in this market.”

And yachting has made itself more appealing to a wider audience. “It used to be a glorified form of camping,” recalls Ponchau. Beckett agrees: “Comfortable, but not wildly luxurious. Today, the standard of luxury is astonishing. The toys and gadgets are fantastic, too. And technology has made a huge difference. You can

still be in contact with the office, through video conferencing and satellite communications, you can work and conduct business on board.” And so the market, along with the yachts themselves, continues to grow. Beckett is enthusiastic and excited about the future. “There is work for everyone in this market if you’re hungry enough for it. The more effort you put in, the more successful you can be. Of course you have to have a knack, a gift for knowing the market.”

THE LEVEL OF PERSONAL SERVICE OFFERED TO INDIVIDUAL CLIENTS IS VITAL. IT IS ALL ABOUT PERSONAL RELATIONSHIPS

This ‘knack’ means more than simply knowing the facts: that the ownership cycle tends to be either three, or seven to ten years. That very few people have made money on a yacht as an investment. That the running expenses for a yacht can be accurately estimated to within a few thousand dollars. That it takes three or four months to paint a superyacht from top to bottom, depending on the size. Knowing this market means knowing people and their passions. It means not just understanding yachts, but understanding what this particular yacht means to this particular person. However far and fast the market grows, as Jonathan Beckett says: “It will always be very, very personal.” ■



“In the 1970’s and 80’s, the yacht business was rather a hand to mouth existence. In 1979, I was just about to get married and was working as a yacht broker in Greece on commission only and earned nothing for months and months.” So what brought about the sea change that has happened since? What transformed the ad hoc, informal and largely unformed business of buying

own brokerage company in the South of France. Formerly a Master Mariner in command of large merchant marine vessels, he was soon recruited to Nigel Burgess. “In 1986 I joined the still small team - Nigel, Kate and a part time secretary - in Monaco,” says Ponchau. “In 1987, together with Mark Binnie, I set up the yacht management side of the business. This was not a common activity