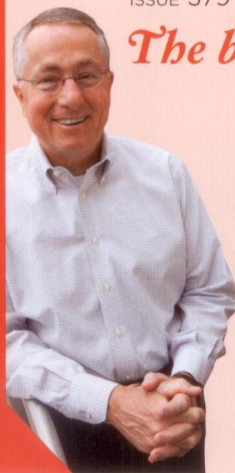


IBI[®]

INTERNATIONAL BOAT INDUSTRY

ISSUE 379 | JUNE - JULY 2011 | www.ibinews.com

The business of boating



Leading Brunswick's quiet revolution

Dusty McCoy

[Page 40]

BOOM OR BUBBLE?

Lifting the lid on the Brazilian market

[Page 18]

GREEK TRAGEDY

Can boating float as Greece sinks in debt?

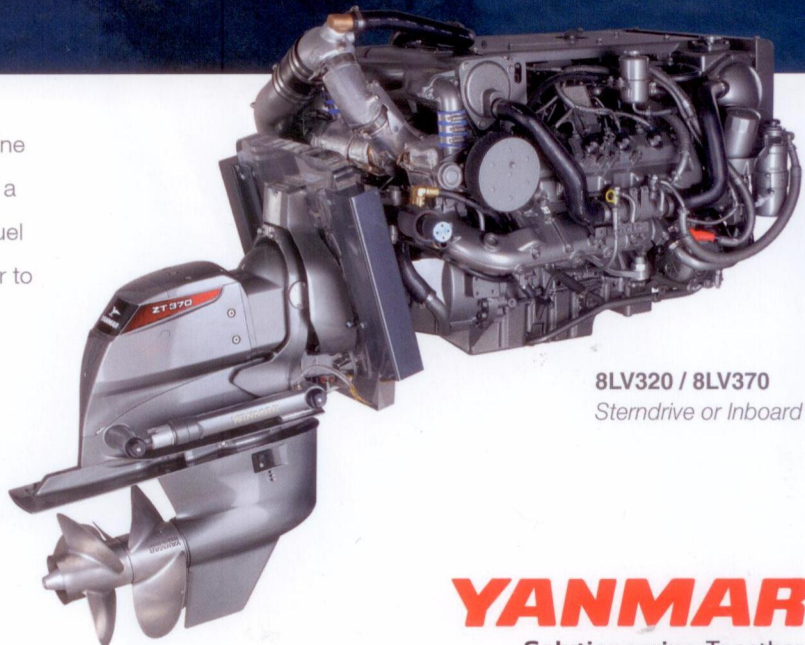
[Page 38]



Experience the new YANMAR 8LV

All of the high end performance associated with V8 gasoline engines, but with those solid, reliable, long-life benefits of a Yanmar diesel. Astonishing acceleration, top speed and fuel economy. Quieter, more comfortable ride. Amazing power to weight advantage.

The new-generation 320 mhp and 370 mhp 8LV diesels. Planned from the outset with ecology as well as power in mind and pushing standards forward, yet again. For the best ski craft, sports boats and cruisers.



8LV320 / 8LV370
Sterndrive or Inboard

www.yanmarmarine.com

YANMAR
Solutioneering Together

TRENDS | CHINESE OUTBOARDS

The rise of the Chinese outboard

SINCE 2000 THE CHINESE OUTBOARD MANUFACTURING INDUSTRY HAS BEEN GATHERING MOMENTUM. SHOULD US AND JAPANESE OUTBOARD MANUFACTURERS BE WARY?

WORDS: MIKE TAYLOR



JOINT VENTURE PARTNERSHIPS

between established western players and emergent Chinese companies have played a major role in the giant commercial strides made by Chinese industry over the last 10 years. Having thrown their commercial hat into the global industrial ring observers suggest that much of China's success is down to sheer determination in a broad spectrum of business arenas. Yet reports from the US and Europe point accusingly at technology plagiarism, sighting cases where first generation contracts appeared mutually beneficial, only to be followed by subsequent deals in which the Chinese were the major benefactors.

Before the millennium the growth rate in Chinese outboard engine manufacture was limited. That was until around 2000 when the Chinese woke up to the notion that here was a sector of the global marine industry which could be exploited, ideally suiting their niche-market manufacturing profile.

EAST MEETS WEST

One example of where East/West contracts can work, and work successfully, is Parsun Power Machine Limited which was set up in 2001 as a joint venture with the USA, in Sazhou, near Shanghai. Basing their engineering and production experience gleaned from generator and

◀ Parsun's logo has become an increasingly familiar sight at boatshows around the world

fuel pumps Parsun set about designing a range of outboard engines in the largely leisure orientated 2.5 – 15hp range. Since then the Parsun logo has become a familiar sight on stands around the world's boat shows.

In marked contrast is the Hidea Power Machine Company which was established in 2007. They spent the next two years researching the market and designing their first engines, which hit the outboard salesrooms in 2009. Hidea's marketing manager, Iris Jjang acknowledges that while they were not the first Chinese outboard manufacturer they are growing fast and, in addition to their current 2.5

“ Soon the price advantage everyone refers to will go and the product will have to rely on its reputation for sales ”

– 15hp engines, will have 20hp, 25hp, 30hp and 40hp versions ready soon with designs for larger units planned including a 60hp, 80hp, 100hp, 150hp and even a 300hp. “Our products are priced competitively when compared to Yamaha, Mercury, Suzuki, and Honda,” she says, adding. “Hidea is approved by ISO9001 and we've won many awards for performance and quality, including CE, VCA and EPA. Also, our confidence in our products allows us to offer a

30 month warranty period.”

Awareness of the world's tough quality and emission legislation must be considerations for Chinese engine designers. Hidea uses aluminium in the production of many components and anti-corrosive finishes which it believes will ensure longevity of service. Additionally, while there are clear design parallels between Hidea engines and Yamaha, full power tests suggest its R&D team has been hard at work in areas such as combustion gas flow technology and EMU mapping resulting in frugal fuel thirsts and low speed torque delivery, ideal characteristics for recreational activities on lakes and inland waterways. And, like Parsun, there is evidence that Hidea listens and acts on recommendations from its global dealers in its drive for reliability and improved design. “Sales in North America have so far been poor though we have penetrated the South Americas such as Argentina where our 2-strokes have become popular,” says Yiang.

INTERNET SALES

For those eco-conscious users who favour electric outboards over fossil fuel-type drives Haswing has a range of just such units and while the concern for many all-electric car buyers is stalling mid-journey with a spent battery most users of trolling motors use their engines largely for short passages. Significantly, however, the route to market for this sector of outboard sales appears to be predominantly through internet purchases rather than from a local chandlery. Kei Ho, International Sales manager for Haswing says, “We are selling in Japan, Korea and Taiwan as well as in Europe and we are currently in dialogue with people in the States.”

Becoming a dealer for Chinese outboards is all about seeking alternative products to tempt your customer base. A good example is Simon Higham, of Marine Imports

NAME | KEI HO
HASWING

Our five year plan involves adding GPS to our engines so you can programme in your favourite fishing grounds

UK Limited. He recalls: “About 5-6 years ago I saw an advert for a dealership required for Parsun engines. At the time we were looking for a better profit margin than we were realising on Tohatsu, about £40 on a 2.5hp engine and £50 on a 10hp, so we thought we'd take a look.” Simon emailed Parson's China HQ and was sent some examples on approval. “I was expecting the worst, but was pleasantly surprised... they were basically a sound design.”

RISING WAGES

Higham puts Parsun's growth down to two things: the link with the US (and a name which arguably sounds more 'westernized' than some) and its willingness to accept — and implement — suggestions from foreign dealers over design improvements.

Price advantage is clearly a prime mover in attracting the attention of outboard engine buyers, especially those looking for a low-hours used example who might be tempted to consider a new Chinese engine as an alternative; attractive price parallels together with a warranty package bring their own sales rewards. Yet those in the know suggest that this price benefit may well have a finite

life span as hitherto low Chinese pay rates are gradually eroded as workers demand salaries more commensurate with their global counterparts. Higham again. “When I went to China in 2007 the average wage was £60/month. Today, the wage for the same worker is £300/month. Very soon that price advantage everyone refers to will go and the product will have to rely on its reputation for sales.”

Integral with the changes in profit levels brought about by upward pay spirals is the need for a cohesive, and achievable, five-year business plan. Despite the world-wide downturn in commerce and the major dip in outboard sales in particular Parsun are looking for a 10 per cent increase by 2015, a figure which it must be said may well bring a degree of mirth to seasoned outboard salesman in the West.

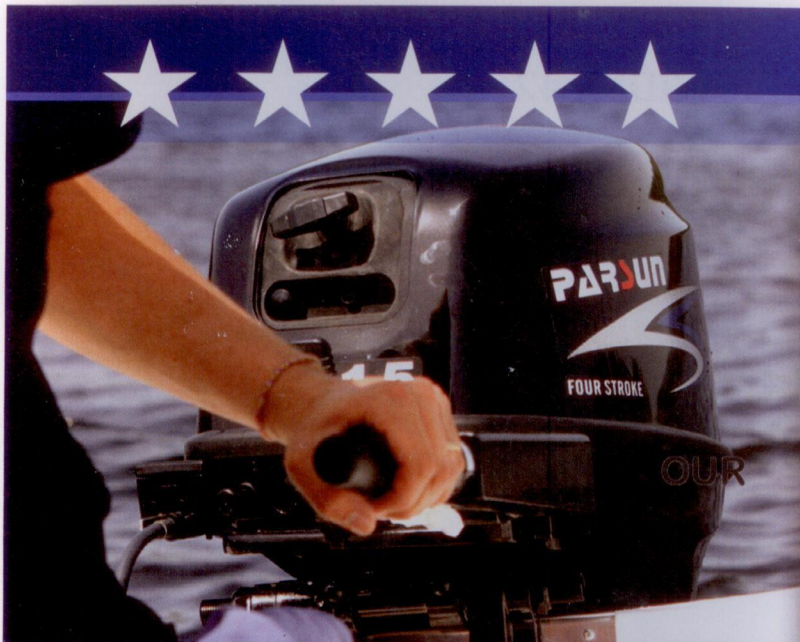
BRAND RECOGNITION

So, do the US and Japanese outboard giants have cause for concern? Tony Rice, secretary general of ICOMIA suggests the figures reveal this is not the case, adding that success in outboard sales is invariably due to offering a boat/engine package. With some 600 Parsun engines sold in the UK (compared to a total of 500,000 worldwide in 2009) Higham acknowledges that this volume is unlikely to change the market profile with brands such as Mariner, Tohatsu and Honda still maintaining their leader position in the field. “Today, there are about 40 Parsun dealers in the UK, but it's still an uphill battle to seduce outlets into selling these engines,” reflects Higham ruefully.

“They're still not that well known.” Hidea's Iris Jiang accepts the point, but adds she hopes they will soon develop a worldwide reputation for quality and reliability. Clearly, brand recognition is key here. In contrast Haswing has an added route to market hurdle to overcome; battery technology. “Weight, total power delivery, recharge time and cost are all issues for battery R&D and we have to wait for them to catch up with market demands,” says Kei Ho succinctly. “Our five-year plan for Haswing involves adding GPS technology to our engines, making it possible to programme in your favourite fishing ground and the engine will take you there.” Marine engine autopilot at the touch of your twist grip. **IBI**

◀ Haswing is using the internet to generate sales





PARSUN[®]
QUALITY IS POWER!

U.S. Quality, Engineered in U.S.

WARMLY WELCOME YOU TO
OUR STAND AT METS 2011!

MOTENERGY, INC.

Add: 3580 Slinger Road, Slinger, WI 53806 USA

Tel: +1 866 644 7525

Fax: +1 262 644 7527

E-mail: marketing@parsun.us

PARSUN POWER MACHINE (SUZHOU) CO., LTD.

Add: No.18 Jin Feng Road, New District, Suzhou, China

Tel: +86 512 6555 9059, 6621 2797

Fax: +86 512 6621 2755

E-Mail: parsun@vip.163.com

Web: www.parsun.biz



photo: Chris Lewis / Alloy Yachts

ALEXSEAL[®]
Yacht Coatings

ALEXSEAL[®] offers a superior marine coatings system that achieves the industry's best gloss and seamless repair capabilities.

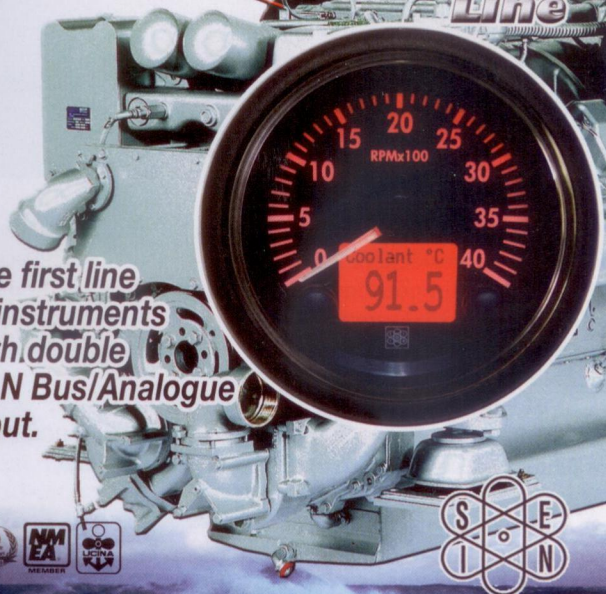
Innovation. Applied.

ALEXSEAL.COM > EU: +49 (0) 40 75 10 30 > USA: +1 843 654 7755

MANKIEWICZ

Much more than just a tachometer!
Omni Link[®]
Line

The first line
of instruments
with double
CAN Bus/Analogue
input.



SAN GIORGIO S.E.I.N.

www.sangiorgiosein.com • info@sangiorgiosein.com