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Summer school

SUSTAINABLE DEVELOPMENT OF YACHTING AND CRUISE INDUSTRY

Market demand and supply in coastal tourism

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Yachting market

One of the most promising industries in the World is yachting itself. The global yacht market size was valued at USD 8.15 billion in 2020. The demand for yachts has gradually increased over the last few years owing to the increase in disposable income of individuals and their inclination toward leisure or recreational activities. The growing preference of travelers for luxury tourism, personalized service, and exclusive traveling are the primary factors propelling the sales of yachts. The manufacturers are focusing on including luxury features for offering improved performance characteristics and customer experience.



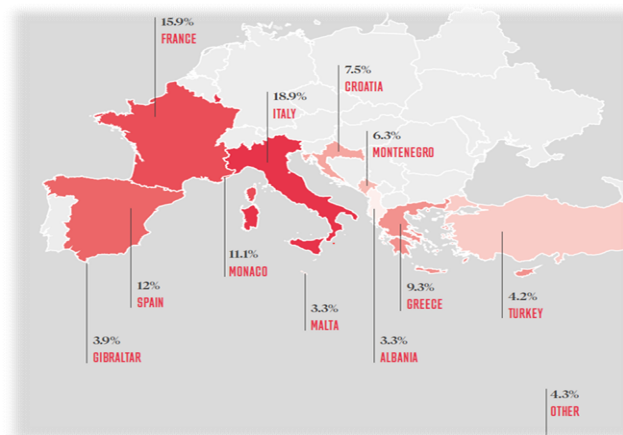
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Regional insights

Europe accounted for the largest market share with a revenue contribution of over 35% in 2020 in the global market. The high share can be attributed to the increased yacht sales in the region. In the upcoming years, passenger traffic in coastal and marine tourism is expected to increase drastically due to the attractiveness of the region and recent supportive policies. The increasing number of trade shows hosted by manufacturers and recreational boating events are supporting the market growth in the region.

Asia Pacific is anticipated to emerge as the fastest-growing regional market over the forecast period. Furthermore, the surging demand for recreational activities supported by the increasing participation of people in marine recreational activities in countries such as Singapore, Thailand, China, and Australia is also expected to bolster the growth of the regional market.

- **Superyacht visits:**





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Yachting market in Montenegro

Montenegro is becoming a more and more attractive tourism destination, not only during the hot summer months and the winter season. Still, predominantly based on inertia and the fact that Montenegro is a relatively new and therefore desirable tourist destination, it seems that we are slowly but surely overcoming seasonality, especially in the area of nautical tourism.

Nautical tourism is one of the fastest growing tourism segments on the Montenegrin part of the Adriatic coast. In the past ten years, the number and size of reception capacities in Montenegrin nautical tourism has increased by more than twice.



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Montenegro & Yachting

Montenegrin Government is seeking to revive its maritime heritage, with an emphasis on leisure. Legislation – such as cutting VAT for maritime-related services from 19 percent to 7 percent – has been introduced to attract foreign investment and the elite international yachting community to the Bay of Kotor. Nowadays VAT in Montenegro stands for 21 percent, but the maritime-related VAT of 7 percent remained the same.

Montenegro's non-EU status offers further financial inducements. Yachts delivered from foreign shipyards are not subject to sales tax when those vessels are registered and owned outside Montenegro.

Similarly, fuel could be purchased free of duty – constituting a saving of about 40 percent per liter – provided that the foreign-flagged yacht temporarily leaves Montenegrin waters within 24 hours of refueling. This in particular is the main reason of the arrival of Super yachts to Montenegro on their cruise around Mediterranean or while leaving these waters. In June 2022 Government has cancelled this opportunity.



What else increases the demand?

When deciding to startup a business, first thing that is done is Market research.

In order to compete properly in the initial phase of development, the price policy of Marina should be cost-effective. The biggest mistake you can make is setting your bar low. This will send a message that low-cost Marina will attract low-budget clients. High-budget clients will declare Marina as unsafe because the price usually tells a lot about quality.

Setting the bar too high will drive away clients.

So where would you put the bar?

What are the factors that will help you create a price list?



Offer

- To create a proper price list, you will have to look at the bigger picture. You have huge investment to return, so you need a proper plan.
- But first, you will focus on the inner circle of the offer you have to "sell".
- Who else has a similar product, how are they placing it, how high/low is their bar
- And the most important thing is to remember you need to attract loyal clients, push the service bar up with time, and the price list will eventually find it's place on the market

Therefore, we will make a comparison on each and every segment and detail to see what is the local offer in Montenegro since it has around 2 thousand available berths

- Next step is checking the complete picture – how is your service handled in the region





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How did Covid influence offer and demand

The COVID-19 pandemic has adversely affected the market growth, including the yacht business. The emergence of the pandemic and the subsequent lockdowns imposed by the governments on various nations, coupled with the severe travel restrictions, affected the market. As soon as the restrictions were eased, the market started to recover. The manufacturing companies also witnessed an increase in the number of orders for new yachts as more people were willing to travel alone or with their families. Like many tourism-dependent countries, Montenegro has been hit hard from the effects of COVID-19. Coronavirus in nautical tourism created a certain drop-down in berth prices. Marinas were forced to reduce the rate strategies in order to compete with neighbors such as Italy, Croatia and Albania.

In 2021 summer season was rated as surprisingly good year for yachting industry. Marinas were receiving new clients and charters were blooming. Still, the competition between marinas on this coast does not abate. It was assumed that Covid-19 will have an influence on nautical tourism for another full year, with a possible normalization by the end of the summer season 2022.

Do you think situation has normalized?



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Competition?

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Thank you for your attention!

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