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## Sea change for boaters

The recession has cut into the boating industry's sales. But former Crystal Pierz Marine president Luke Kujawa sees a decline in ownership as an opportunity **for** services such as his boating club.

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When Luke Kujawa got out of the family business last year, he suddenly had the time to test out a new trend in boating.

The former president of Crystal Pierz Marine started a club **for** people who want the lifestyle of boating but not the expense. The concept of Your Boat Club is that customers pay an annual membership between \$2,000 and \$4,895 to reserve one of of 10 boats any time **for** up to six hours at a time.

It's not the first boat club in the Twin Cities, but it is aiming to become the largest. Kujawa has two locations this year but aims to have 25 to 30 locations in three to five years. "I believe this will **change** boating in the Upper Midwest," he said.

As the recession hit consumer spending, new powerboat unit sales declined an estimated 24 percent and dollar sales 25 percent last year from 2008, according to data from the National Marine Manufacturers Association.

Those sales are also down from previous years. In 2000, there were 343,500 new powerboats sold **for** a retail value of \$7.7 billion, according to the association. Last year, 153,550 total units were sold **for** a retail value of \$5.6 billion.

Kujawa sees the boat club membership model as a solution to the boating industry's woes.

Contrary to their image, most boat owners aren't very wealthy yacht owners. The association reports that 75 percent of boat owners have a household income of less than \$100,000.

Kujawa sees the economic meltdown as only part of the reason **for** the slowdown in boat sales. Hectic lifestyles are another factor.

"Everybody's so busy now. It used to be a three-day weekend was so commonplace," Kujawa said. "Now people are looking at their calendars **for** the summer and saying it's full. The chunks of free time to take a boat and go camping are less and less." The same forces are behind the growth of boat clubs nationwide.

"They are becoming popular as people get into boating and aren't sure if they want to buy a boat," said Ellen Hopkins, spokeswoman **for** the National Marine Manufacturers Association. "It's a great way to test out the lifestyle."

Tammy and Pete Giuttari are prime examples of boat enthusiasts who aren't ready to own.

"Would we use it?" she said of buying a boat. On a recent 80-degree afternoon, the Giuttaris of Savage, along with 24-year-old son, Chris, and their two dogs climbed into a Your Boat Club **Sea Ray** 185 Sport on Prior Lake.

They joined Your Boat Club this year and have had no trouble getting boats on the handful of outings they've been on so far as they consider whether to buy. He's a flight simulator instructor; she works in the home. "This gives us an opportunity to try it out and see if it's something we'd want to do," she said.

The Twins Cities is already home to two other boat clubs that have launched in recent years: the 180-member Excel Boat Club and the 30-member Stillwater Boat Club. Excel Boat Club founder Tom Jacob, who used to buy boats from Kujawa at Crystal Pierz Marine, considers Kujawa's plan ambitious but thinks the competition is good **for** his business. "The more people find out about any boat club, that helps me," he said. Jacob plans to keep his business model focused on maintaining 180 to 200 members at two locations, Lake Minnetonka and the St. Croix River in Bayport. Prices run from \$3,799 to \$4,599 a year.

While the other two boat clubs offer online reservation systems, Jacob's service takes reservations by phone **for** a personal touch. He also offers valet parking and iPod hookups in the 20 boats.

"I don't want 1,000 members," he said. "I'd like to have a couple hundred and have them be catered to."

Mark Gilk of Chanhassen and his wife and three kids have boated at Lake Minnetonka the past few summers, since becoming members of Excel Boat Club. He feels he's getting a good deal since just leasing a slip would cost nearly as much as the annual fees.

"It basically allowed us to live that lifestyle of having a boat and being on the lake without having to deal with the boat," he said.

Stillwater Boat Club founder Andy Malon offers the choice of 11 boats and charges \$4,960 **for** unlimited access in the summer. He saw the move toward worry-free living that made him decide to open his boat club in 2006 and he's satisfied with his 30 to 35 members.

"I think in terms of these times you have to be happy with what you have," said Malon, also owner of Marine Services Inc., which operates the Stillwater Marina. "A lot of businesses are struggling."

One of the challenges is keeping a boat club profitable with rising boat prices, Jacob said. He also rents pontoons and accepts a smaller profit margin than he originally did. Kujawa believes his boat club has an edge because he allows members to trailer boats to other lakes. Kujawa has a firsthand idea of the industry's challenges. At its peak in 2004, Crystal Pierz Marine had 15 locations and just shy of \$100 million in revenue but has been gradually downsizing. Kujawa's family has sold six of the seven remaining Crystal Pierz Marine locations.

Kujawa launched Your Boat Club in January with an investor. They've put in \$500,000 of their own money to fund the boats, slips and office lease.

His own experience as a resident of Minneapolis' Lowry Hill with no space **for** a boat and two small children he'd love to expose to boating has convinced him there's a market **for**

his business.

"We have 10,000 lakes," he said. "We can't have 10,000 boat clubs but we can have 30 to 40 with the ability to trailer and we can cover most of the lakes that way."

### **Taking on water**

Here's how the sale of boats in 2009 compared to 2008 in the U.S:

- Boating sales and services revenue declined 9 percent, to \$30.8 billion
- New boat sales decreased 19 percent, to 572,500 units.
- New boat and motor sales dropped 24 percent, to \$8.5 billion.
- Powerboat segment sales declined 24 percent, to 153,550 units; retail sales were down 25 percent, to \$5.7 billion.
- 65.9 million fewer adults participated in recreational boating, a 6 percent decline

Source: National Marine Manufacturers Association  
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5 Photos: PIONEER PRESS PHOTOS: GINGER PINSON

- 1) Luke Kujawa takes one of his rental boats on a ride around Prior Lake earlier this month. Kujawa's new business, Your Bota Club, offers annual memberships **for** use of the boats and is modeled after other clubs nationally. Kujawa has his boats at area lakes, including Prior Lake.
- 2) Brian Mocey shines a Your Boat Club boat in Prior Lake while Nathan Balzart cleans the windows.
- 3) Tammy Giuttari of Savage bought a boating club membership with her husband, Pete, this year. She popped down one Thursday this month **for** an afternoon ride with her dogs Bella and Lily.
- 4) Brian Moxey of Brooklyn Park fuels a **Sea** Ray bowrider in preparation **for** an outing this month at Your Boat Club in Prior Lake. Luke Kujawa owns the new business which offers annual memberships between \$2,000 and \$4,895 **for** the unrestricted use of the boats. Kujawa's boat club allows members to pull its boats to other lakes.
- 5) "Everybody's so busy now. It used to be a three-day weekend was so commonplace." - Luke Kujawa, Your Boat Club