

What you can learn from...

## New kids on the block

Orca Gear Inc. began as a class project, but the start-up company may end up schooling the boating industry.

Its innovative approach to product design and marketing may catch boaters' eyes and awaken the marine marketplace to new possibilities.

It all began in 2001 when the company's three top executives were assigned to work together on an MBA class project. They had to find a need in a market and create a product to meet it. And that's exactly what they did.

The product they created was a prototype of what now is the Float Tech Jacket, an inflatable personal

floatation device housed in comfortable, stylish, water-resistant outerwear.

Inflatable PFDs are nothing new, but market research suggested that 80 percent of people on the water were not wearing life-jackets. Most people found them bulky, uncomfortable, lacking style and restrictive.

With its new product, Troy, N.Y.-based Orca Gear is looking to overcome those stereotypes. And it seems to be making a splash. The company has sold out of product from its test production run and recently signed with "a major retailer." The executives now believe they may be profitable by year end.



Cecilia Domingos and Brian Arthur

"Everyone in our company is under the age of 35," says Cecilia Domingos, owner and CEO. "I think because we bring a new set of eyes and some fresh blood, we're more open to ways in which to capture the market's attention."

Domingos explains that in the marine industry's "good old boy network," her company sticks out like a sore thumb. But it's exactly that new way of thinking that may allow Orca Gear to shake up the market and by doing so, make boating safer and more appealing. ■

## Making boating stick

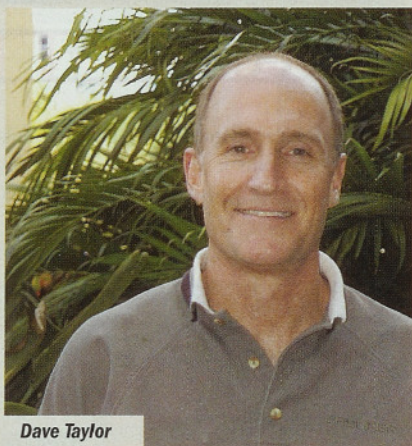
It's no secret that the industry has a hard time attracting and then hanging on to new boaters. With its Bayliner 175, US Marine has been trying to turn that around.

When the Knoxville, Tenn.-based company first began brainstorming about new models, the market for runabouts was down 14 percent, the fiberglass market was down 15 percent and Bayliner's volume was down even more, explains Dave Taylor, senior vice president of sales and marketing for US Marine.

"We wanted to figure out how to turn that around and get families back into boating," he says.

The size of the entry-level market US Marine wanted to target was only 4,000 units, not nearly large enough to justify an investment. That didn't stop the company from pursuing its plan, though. Instead, the project team did some "out-of-the-box" thinking.

It found that more than 465,000 used boats in the 16- to 20-foot category were sold between 1998 and 2000



Dave Taylor

at an average price of \$10,000. Now that, the company believed, was an opportunity.

US Marine also went beyond the demographics to conduct customer research. The company discovered that its target customers were price sensitive with a desire for ease of use, space, versatility, reliability, performance and little else. Despite a trend toward more amenities and luxury

items, US Marine found its target customers for the Bayliner 175 didn't want to pay for them.

With the needs of those target customers in mind, US Marine launched the Bayliner 175 in the spring of 2002, with a recommended price for the boat, engine and trailer package of \$9,995.

The product hit its mark.

By the end of 2003, Statistical Surveys Inc. reported that Bayliner sold 4,642 boats in the 18-foot category for the year. The next closest player in that category had less than a third of the volume, says Taylor.

The company found that about 49 percent of its Bayliner 175 customers were new to boating, while 51 percent had watercraft ownership experience. Ninety-four percent of owners report the boat meets or exceeds their expectations, Taylor states.

"When we started this project, we thought that we could do some good volumes, grow boating and increase our market share," he explains. "All of those things have happened." ■