

Interreg MEDITERRANEAN Programme

Priority axis-Investment Priority-Specific Objective 1-1-1

Priority Axis 1: Promoting Mediterranean innovation capacities to develop smart and sustainable growth

PI 1.b

1.1 To increase transnational activity of innovative clusters and networks of key sectors of the MED area

iBLUE

Investing in sustainable blue growth and competitiveness through 3-Pillar Business Model (3-PBM)

Project No. 830

DATA COLLECTION ABOUT YACHTING IN MED AREA: REPORT ON SELECTED CASE STUDIES

WP/ACT related to the Deliverable: WP3/ACT3.3

Deliverable no.: L3.3.2

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Introduction

iBLUE aims to contribute to the sustainable relaunch of yachting sector by using a new methodology and by integrating the sustainable pillars (economic, environmental and social) in the concept of business model innovation (3-PBM). The purpose of collecting data from selected yachting companies is to gather information on yacht industry at a transnational level by investigating selected actors of the sector. Case studies analysis was based upon a data collection on two steps: through a written questionnaire and with an interview (either face-to-face or via skype). UNIUD (Italy) was the activity leader and all the consortium partners took part in the local data collection. The research team of UNIUD coordinated and supported the data collection, conducting the entire phase of case analysis. Guidelines were initially discussed and presented during the Steering Committees of the Partnership in Marseille (October 2017) and Koper (November 2017). Preliminary results were presented then during the Steering Committees in Rijeka (March 2018) and Sevilla (May 2018).

The following section explains the details of the methodology adopted for the data collection. An overview on case studies describes the sample of selected companies. Final section discusses concluding remarks on case studies of yacht companies in the Med area.

Methodology

UNIUD was charged with the development of methodology. In order to facilitate the data collection, UNIUD wrote and shared the guidelines for data collection among partners.

More in details, two tools were designed for the data collection:

- A questionnaire, whose goal was to collect quantitative information on overall company business and on innovation;
- A semi-structured interview guide, whose goal was to collect qualitative information on company business model, with specific regard to economic, environmental and social dimensions.

Each partner was designated of interviewing six companies in its own country. In practice, the interviewer asked the interviewee to fill in the questionnaire either before or during the interview. The interviews took place face-to-face or via skype with the participation of the head of the enterprise (or a delegate) and a member of the partnership. The interview guidelines for interviewers aimed at providing alternative prompts to the questions, in order to gather required information. Initial and final sentences were suggested to facilitate how to start and to close the interview. According to the interview flow and to the interviewee's availability, questions could be shifted in order and revised in wording.

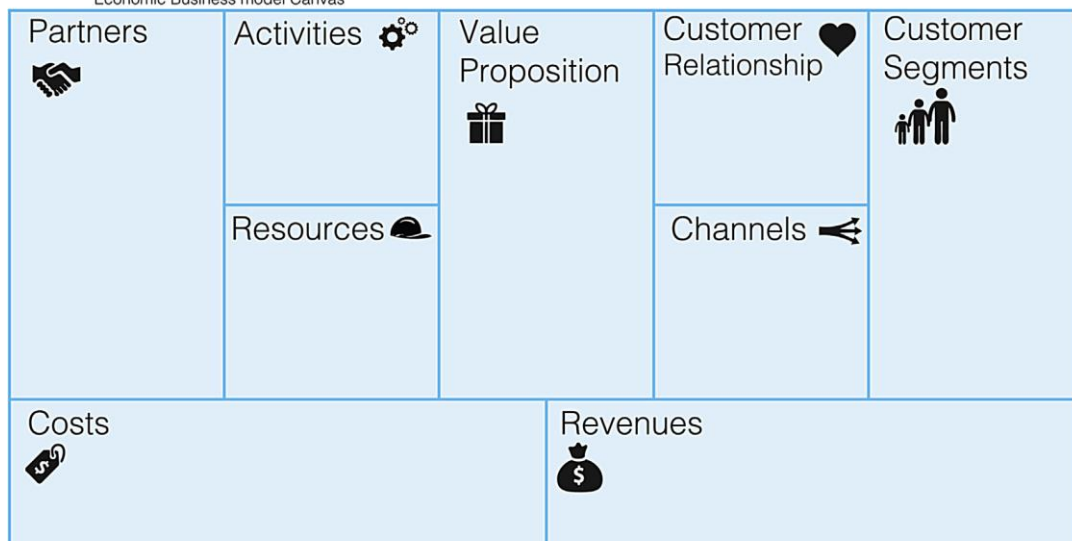
UNIUD requested that the interviews were recorded and transcribed verbatim by the partners. As an alternative, the interview could be reported through team members' notes. In any case, the method selection had to be communicated to the activity leader to properly treat collected materials.

In order to accomplish the deliverable 3.3.2 with required case study analysis, UNIUD received the filled questionnaires and the interview answers. The answers could be either the transcription of the interview or a summary of the relevant information for each required question. Reported texts had to be in English.

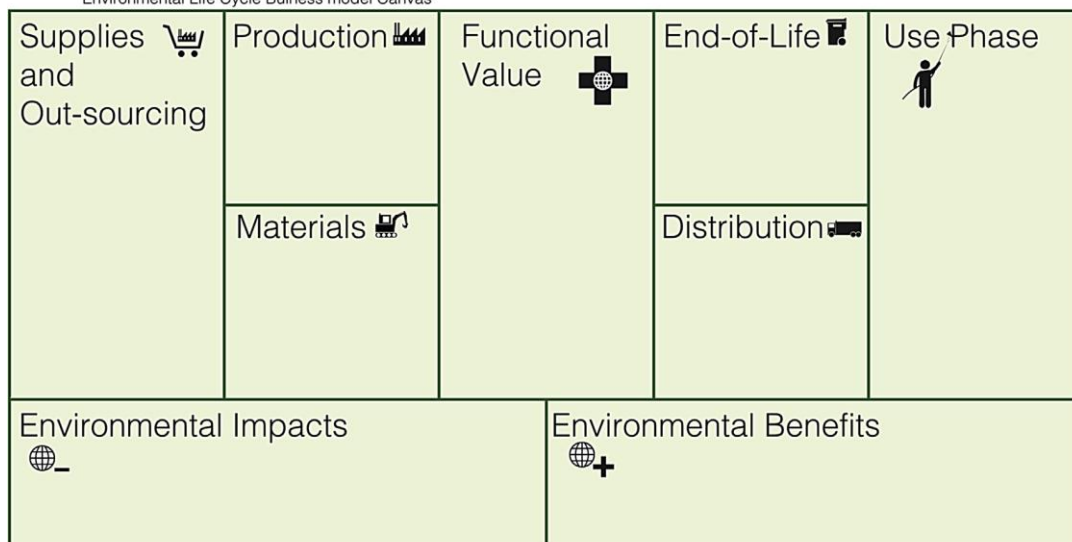
To analyse collected data, UNIUD chose to adopt the framework of Joyce and Paquin (2016), who propose a triple-layered business model canvas. The triple-layered canvas is based upon the business model canvas of Osterwalder and Pigneur (2010) for what concerns the economic dimensions. Additionally, it entails the environmental and the social dimensions.

In order to organize and analyse the data, softwares, such as Nvivo and Excel, were employed to facilitate the analysis. Finally, both quantitative and qualitative data were reported in the present work as output of the project deliverable.

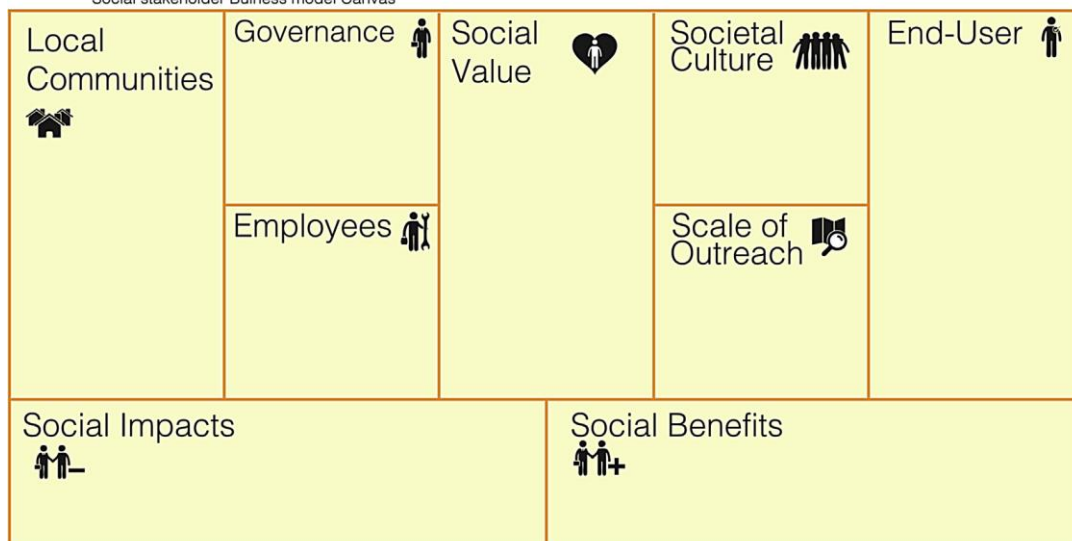
Economic Business model Canvas



Environmental Life Cycle Business model Canvas



Social stakeholder Business model Canvas



Triple layered business model canvas (TLBMC) – Source: Joyce and Paquin (2016)

Overview on selected case studies

Each partner independently selected six case studies for each country, as far as possible belonging to the three sectors analysed, namely manufacture, service, and infrastructure. The following table (Table 1) sums up the distribution of cases per country and per sector. The interviewed companies are thus: 14 manufacturers, 25 services, and 15 infrastructures.

Table 1: Overview of case studies per country and sector

		Manufacture	Service	Infrastructure	Total
Country	Albania	3	2	1	6
	Croatia	2	2	2	6
	Cyprus	0	4	2	6
	France	1	3	2	6
	Greece	0	5	1	6
	Italy	2	2	2	6
	Portugal	3	2	1	6
	Slovenia	2	2	2	6
	Spain	1	3	2	6
Total		14	25	15	54

Source: UNIUD elaboration

More specifically, Table 2 depicts the distribution of the subsectors. Marinas/ports (15 companies) and shipbuilding (11) are the categories with the highest frequencies.

Table 2: Distribution of subsectors

Subsector	Main area	Total
Manufacture	Shipbuilding	11
	Manufacture of ship components	2
	Accessories for boat users	1
Service	Charter	7
	Other marine and nautical agencies	6
	Repair, refit and maintenance	6
	Retailer	4
	Broker	2
Infrastructure	Marina/port	15
	Total	54

Source: UNIUD elaboration

The case studies have different stories and different structural characteristics, despite being all SMEs. In detail, the Table 3 illustrates the distribution per year of foundation, where the majority of companies has born after 1990. Table 4 depicts the distribution of companies according to their dimension on number of employees. The criterium is the one provided by European Union's definition of micro/small/medium enterprise in terms of employees. The same criterium is adopted regarding the turnover (Table 5). It is thus possible to notice that the majority of case studies are micro or small enterprises.

Table 3: Distribution of companies according to year of foundation

	Frequency	Percentage
till 1979	12	22,2
1980-1989	8	14,8
1990-1999	9	16,7
2000-2009	14	25,9
2010-later	11	20,4
Total	54	100,0

Source: UNIUD elaboration

Table 4: Distribution of companies according to number of employees

	Frequency	Percentage
<10 employees: MICRO	22	40,7
10-49 employees: SMALL	22	40,7
50-249 employees: MEDIUM	7	13,0
Not available	3	5,6
Total	54	100,0

Source: UNIUD elaboration

Table 5: Distribution of companies according to turnover (million €)

	Frequency	Percentage
≤2 millions €: MICRO	25	46,3
≤10 millions €: SMALL	14	25,9
≤50 millions €: MEDIUM	2	3,7
Not available	13	24,1
Total	54	100,0

Source: UNIUD elaboration

Concerning the company organization among sectors, some differences are detected on the internal or in outsourcing activities. The following table clarifies the issue (Table 6).

Table 6: Company organization among sectors (--: not available)

Company organization	Manufacture	Service	Infrastructure
Product design	Internal	--	--
Production (manufacture)	Internal	--	--
Training	Internal	Internal/Outsourcing	Internal/Outsourcing
Marketing	Internal	Internal	Internal
Sales	Internal	Internal	Internal
Customer support	Internal	Internal	Internal
Information Technology	Internal/Outsourcing	Internal/Outsourcing	Internal/Outsourcing
Human resource management	Internal	Internal	Internal
Finance	Internal	Internal	Internal
Accounting	Internal/Outsourcing	Internal/Outsourcing	Internal
Procurement	Internal	--	--
Research and development	Internal	--	--
Logistic	Internal	Outsourcing	--
Transports	Outsourcing	Outsourcing	--

Source: UNIUD elaboration

Following Table 7 illustrates the main areas of investments, both invested and forecasted, by companies according to each sector. It is possible to notice several differences among the three groups. In particular, service and infrastructure plan to invest more in research and development in the future. ICT, logistics and lean management are also forecasted investment areas for service industries.

Table 7: Main areas of investments by sectors (invested/forecasted)

Areas of investments	Manufacture	Service	Infrastructure
Research & Development	Invested/Forecasted	Forecasted	Forecasted
Purchase plants/buildings	Forecasted		Forecasted
Purchase machineries	Invested/Forecasted	Invested	Invested
Purchase software	Invested	Invested	Invested
Purchase patents/licenses			
ICT		Forecasted	
Internal reorganization	Invested	Forecasted	
Recruiting	Invested/Forecasted		Forecasted
Training	Invested	Invested	Invested/ Forecasted
Marketing	Invested/Forecasted	Invested/ Forecasted	Invested
Logistics		Forecasted	
Lean management		Forecasted	

Source: UNIUD elaboration

The last part of this overview will focus on innovation. Since innovation is one of the key focus of our project, we asked for data on technological innovation, such as number of patents and number of employees in research & development. Only five companies (3 manufacturers and 2 services) declared to own patents, while 8 companies (7 manufacturers and 1 service) declared to have employees in R&D.

Interviewees were asked to express their opinions on importance of several features concerning innovation. Respondents had to rate on a scale from 1 (not important at all) to 5 (very important). Table 8 sums up main results. It is possible to notice that the three factors more influenced by the effect of innovation are the sales, marketing and the internal organization. Nonetheless, such mean values change among sectors. In manufacture companies, innovation in new materials and design are particularly important. In infrastructure, importance of innovation is considered lower compared to average overall values in several items.

Table 8: How is important innovation in your company for the following items? (1: not important at all; 5: very important)

Sector	Total			Manufacture	Service	Infrastructure
	Average	Valid cases	Standard deviation	Average	Average	Average
Sales	4,23	48	1,016	4,17	4,36	4,07
Marketing	4,19	52	0,991	3,92	4,36	4,14
Internal organization	4,04	47	0,977	4,17	4,14	3,77
ICT	3,73	44	1,065	3,42	3,84	3,85
New materials	3,63	43	1,448	4,46	3,79	2,36
Design	3,46	41	1,380	4,42	3,18	2,92
Logistics	3,29	34	1,292	3,63	3,33	3,00
Plants	3,00	41	1,449	3,42	2,53	3,25

Source: UNIUD elaboration

Interviewees were also asked to rate the activators/motivators of innovation. Table 9 show the related results.

Table 9: What has moved you towards innovation? (1: not important at all; 5: very important)

Sector	Total			Manufacture	Service	Infrastructure
	Average	Valid cases	Standard deviation	Average	Average	Average
Investments	3,27	41	1,397	3,90	3,00	3,18
Research & Development	3,43	40	1,338	4,33	3,29	2,64
Partnership with local suppliers	3,10	42	1,246	3,09	3,05	3,17
Partnership with local customers	3,48	42	1,254	3,38	3,47	3,58
Partnership with other suppliers	3,42	38	1,200	3,55	3,31	3,45
Partnership with other customers	3,83	40	1,174	3,67	3,82	4,00
Partnership with local institutions	3,05	37	1,373	2,50	3,19	3,36
Partnership with national institutions	2,95	38	1,272	3,10	3,06	2,64
Partnership with European institutions	2,67	39	1,264	3,27	2,56	2,25
Partnership with other institutions	2,47	38	1,224	2,25	2,83	2,00
Partnership with Universities/research institutes	2,51	35	1,245	2,80	2,64	2,09
Imitation of competitors	2,68	40	1,328	2,60	2,79	2,55
Participation to events	3,83	42	1,188	3,75	3,88	3,85

Source: UNIUD elaboration

Results show that main factors motivating innovation are partnership with non-local customers and participation to events. Nonetheless, manufacture companies activate innovation through research and development, as well as investments, while infrastructure are also influenced by local customers.

Discussion and conclusive remarks on case studies

The purpose of the conclusive section is to combine the results emerged by the case studies analysis in order to highlight common traits and peculiarities among the three subsectors, namely manufacture, service, and infrastructure. The 54 case studies have allowed a deepen overview on the features of yachting companies, covering a wide range of business typology and developing a transnational study on business models. The following text will introduce an outline of emerging business components according to each yacht subsector.

Business models in manufacture SMEs

The analysed companies deliver high-quality manufactures in yacht industry, shipbuilding mainly. Nonetheless, they often integrate repair and maintenance services as after-sale complementary service. Main customer segments are represented by national boat owners, with whom the company deals directly. The relationship between customers and the company is based on mutual trust and loyalty. The respect and the rapidity of delivery time is a key element of the relationship with customers. Moreover, the product customization plays a relevant role in the value proposition of several companies. Customers are approached via word-of-mouth, impacting the revenues with both sale and repair of boats and boat components. Key activities include the production of boats or boat components, repair services, and research & development. Key resources include equipment, machineries, infrastructures, technical human resources, such as engineers and designers. It follows that main costs are due to infrastructure and equipment, raw materials and supplies, and labour cost. Key partnerships are represented by relationships with Universities and technical institutes with the aim of developing innovative technologies or training company technical workers. Other partners are often industrial designers, chambers of commerce, or regional technical clusters.

From the environmental point of view, most of companies adopt and look for innovative technologies, which could prevent pollution. Companies accomplish with environmental regulation and, for this reason, the use of polluting materials is limited. Waste reduction and waste re-use are carried out by some companies.

From the social perspective, the focus is on local community, through hiring local workers, cooperating with local institutions and providing internships to students. Another focus is on employees' wellbeing, developed through a hospitable working environment, a reduction of plant pollution, and a guarantee of fair salaries.

Business models in service SMEs

The analysed companies offer a wide variety of services, ranging from yacht brokerage to charter, from retailers to repairers. Customers are both leisure boat owners and yacht companies, both national and international. The relationship with customers is based on trust and service reliability, in particular concerning the respect of delivery time. Customer care, customer orientation and after-sale assistance/services are clue features of the value proposition. Customer relationship is

maintained directly and the word-of-mouth plays a great role in extending the market by increasing reputation of the companies. Some companies rely on online communication as well. Key activities depend on the service typology. Nonetheless, employee training is a common trait for several companies. It follows that the revenue structure depends on the offered services, mainly sale, rental or repair. Key resources include the competence and technical skills of employees, equipment and machineries, infrastructures, and digital instruments, such as platforms and softwares. For companies renting and selling boats, key resources include yacht fleet. Main costs are due to working staff, equipment and infrastructure, as well as boats and boat maintenance, if included in the main resources. Key partnerships are mainly with other yachting companies, establishing trustful and long-lasting relationships. Other partnerships are created with professional networks mostly.

From the environmental perspective, most of the companies accomplishes with environmental regulation and some of them have ISO certificates. Some of service companies are very committed to waste separation, recycle and re-use, whenever possible. The choice of quality suppliers and the selection of materials, as ecological as possible, are relevant aspects. Environmental benefits produced by companies entail pollution reduction, over-production prevention, and education to environmental care.

The social value provided by service companies is focused towards the impact on the local community and local economy, with the employment of local workers mainly. Training is a key feature in a double direction: one concerning the company offer of training opportunities to students; and a second one concerning the provision of life-long learning and training initiatives to own employees. Few companies are involved in charity, sponsorships and donations.

Business models in infrastructure SMEs

The analysed marinas aim at offering high-quality services within marina facilities. The customer segment is yacht owners, both national and international, mainly leisure boat tourists. The relationship between customers and the marinas is customer-oriented and it is maintained directly, pursuing loyalty. The channels used to communicate with potential and current customers, as well as to promote the marinas, include the use of websites and social media. Nonetheless, customers are moved towards the marinas via word-of-mouth. Key activities of marinas are the rental of moorings and berths, the repair and maintenance of boats, the provision of leisure services, and the organization of events or sport activities. The first two activities, rental and repair, represent main sources of revenues. Key resources are the geographical position of marina venues, mooring/berth spaces, residential properties, employees. Thus, the main costs are due to infrastructure maintenance and renovation, as well as labour cost. Key partnerships are developed with other marinas or marina clusters. Some of the case studies belong to national associations as well.

From the environmental point of view, the marinas appear as highly involved in the environmental care. They accomplish with environmental regulation and waste management. Some of them certificate a wider care through ISO certificates and Blue Flag awards. Further environmental-friendly initiatives are carried out in different ways by marinas. For instance, some of them have systems of clean energy production; some others develop rain water collection or waste water treatments; some others control water conditions with regular analyses.

From the social perspective, the activities of marinas involve local communities and prompt local development, for instance by hiring local people. Some of them deal with initiatives aimed at schools. Sport activities are key part of the social benefits created by the marinas. Indeed, marinas sponsor and/or organize sport activities, including those ones aimed at children and/or disabled people.

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- Osterwalder, A., Pigneur, Y., In Clark, T., Smith, A. (2010). *Business model generation: A handbook for visionaries, game changers, and challengers*.