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July 06, 2006

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## Can Marinas Go The Way of Starbucks?



Ray Graziotto isn't trying to break the mold. He's trying to build one with his [Loggerhead Club and Marina](#). The one-time apartment builder is creating a chain of marinas, aggressively building a brand in an industry distinguished by its plethora of family-owned, mom-and-pop shops.

Loggerhead is tapping a tried-and-true business formula that has long been successful in other industries. Many of the world's largest companies have built their fortunes with a brand, creating a consistent image or product that breeds customer loyalty...But it's a rare approach in the marina world.

That's because marinas are specialized businesses, industry leaders say. Each property, each waterway and each boater has unique conditions and needs.

### Developer aiming to create new-style marinas

*Jupiter-based developer Seven Kings Holdings' chain of marinas is leaving mom-and-pops in its wake*

The Palm Beach Post  
BY LORI BECKER

**Ray Graziotto isn't trying to break the mold.  
He's trying to build one.**

The one-time apartment builder is creating a chain of marinas, aggressively building a brand in an industry distinguished by its plethora of family-owned, mom-and-pop shops.

Just like chain restaurants have the same menu and hotel chains offer the same rooms, Graziotto's Loggerhead Club and Marina is aimed at consistency. When boaters cruise into a Loggerhead marina, Graziotto wants them to find eager employees in white nautical uniforms, a captain's lounge with gourmet coffee and daily newspapers, well-kept docks and a polished ship's store.

"Under this brand, you know what you're going to get," he said. "You know the facilities are going to be clean. You know you're going to be greeted with a smile. . . . People really don't have the time in their lives anymore to have to worry about pulling into a place where they're not taken care of."

## **EXPANDING CONCEPT**

Graziotto and longtime developer J.C. Solomon II, partners in the Jupiter-based Seven Kings Holdings, own nine marinas, stretching from Vero Beach to Miami, with nearly 1,950 wet slips and dry stacks. They want to reach 20 within the next five years.

Loggerhead's new-style marinas haven't won over everyone. Some boaters criticize the company's country club style for chipping away at the Old Florida flavor of the docks. But marine industry leaders praise the approach as innovative, and most customers applaud improvements at the marinas.

Seven Kings has spent about \$81 million accumulating and improving its marinas during the past decade, said Graziotto, who declined to release sales figures for the privately held company. It picked up steam in 2004, when it bought four properties and launched the Loggerhead flag.

The company's newest addition is slated to open this month in Riviera Beach. The only marina that Seven Kings has built from scratch, the \$180 million project at the foot of the Blue Heron Bridge includes an 80-foot-tall, orange-and-yellow warehouse that holds about 340 boats up to 48 feet long.

## **CONDO COMPONENT**

It also includes 351 condominiums.

"This is where the money is," Graziotto said, pointing to the Marina Grande condo towers hovering over his marina. "Some say I'm crazy for building this facility, that I should have put another condo building here."

Condos, though, are a key component of Graziotto's business plan. He wants to run marinas that are open to the public. He is a proponent of preserving access to the water.

But he also is a businessman. And he knows that skyrocketing property values have put a pinch on marina owners. So most of Loggerhead's properties are connected with the money-making residential communities, which Graziotto said enables him to operate the marinas. "It's nearly impossible to make economic sense of buying a piece of dirt and making it a marina," he said.

Loggerhead leases its slips rather than selling them, bucking a growing trend of so-called dockominiums that has boaters paying thousands, even millions, of dollars for slips to have a permanent place to dock. But Graziotto said he's banking on a continuing income stream rather than a one-time payoff.

Seven Kings did try its hand at dockominiums with the second facility it bought in 1996, the former Waterways Marina in Aventura. But after selling some of the slips, Graziotto said he decided to take the rental approach instead.

"The bet is to hold them," he said. "The short-term play isn't as appealing as trying to do something that's not been done."

A Pittsburgh native, the 39-year-old Graziotto started building apartments and hotels with Solomon, 54, in West Virginia in the 1980s. They founded Seven Kings in 1989 and moved their business to Palm Beach County in the early 1990s.

### **BUSINESS `BY ACCIDENT'**

The company bought its first marina, Frenchman's Marina in Palm Beach Gardens, in 1995 "by accident."

"We were apartment guys," said Graziotto, who now runs Loggerhead's marina operations. "We were after the uplands. The marina was a nuisance. The views were great, but what were we going to do with it? We didn't know a thing about marinas."

So Graziotto began looking for expertise. He quickly found that there were few if any large marina operators in Florida. So he decided to apply his development skills to marinas. Frenchman's Marina in November 2004 was their first property to take the Loggerhead flag, which was added to all of the company's marinas during the next year.

"By branding them that way and building them all in the same quality, people know what they're buying," said John Sprague, a longtime leader with the Marine Industries Association of Palm Beach County. "Ray's approach is going to raise the quality."

"When you pull your boat in, there's somebody there. They're very accommodating," said Capt. Al Sitnick, 57, who has docked his 27-foot sportfishing charter boat at Loggerhead's South Lantana marina for six years. "Whereas before, everything was at your own risk."

Loggerhead is tapping a tried-and-true business formula that has long been successful in other industries. Many of the world's largest companies have built their fortunes with a brand, creating a consistent image or product that breeds customer loyalty. Think Starbucks, Macy's or Marriott.