NAUTICAL PRODUCT DISTRIBUTION

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Island
NOAA Working Assumptions

• Two chart markets: recreational boating and commercial shipping, which are NOAA responsibilities.
• Paper charts will continue to be needed for at least 15 years.
• Because charts are mandatory by federal regulation, guaranteed availability is also a NOAA responsibility.
• No new resources are available for enhancing distribution.
• Mandatory carriage of electronic charts will start in 2012 for commercial users.
• 44 USC 1307, the “Pricing Statute”.
• Distribution has always been an afterthought for OCS.
• United Kingdom Hydrographic Office produces charts of US waters
NOAA Product Distribution Methods

- FAA prints and distributes traditional nautical charts and Coast Pilots through a retail agent network. (FAA distribution was a part of NOAA)
- OceanGrafix distributes Print-on-Demand charts through a separate (some overlap with FAA network) retail agent network.
- NOAA distributes ENCs and RNCs free over the Internet and through Distributors (CEDs/CEVADs).
- Miscellaneous other products are distributed via various means (e.g. hydrographic surveys, historical charts, BookletCharts, Pocketcharts).
New Ed. or Updated ~1000 Raster CRLs w/ XMLs

New Ed. or Updated ~775 ENCs w/ XMLs

NOAA POD FTP site

OceanGrafix Downloads & Composes Chart

OG POD Agents (47)

OG Remote Print Sites (21)

NOAA Website (ChartDownloader, OnlineViewer, NtoM Listing)

Reformat to BSB, Zoomify Image, HTML Listing

BSB
- BSB Distributor

ENC
- ENC Distributor

Mariner/Customer
FAA Product Distribution

• In FY10, based upon a management study, FAA revised their distribution network.
  – Larger minimum annual sales
  – More choices in discount/level of service
    • Returns -> 40% discount
    • No returns -> 50% discount
    • Drop shipping
  – NGA charts no longer available via FAA
• Decreased number of agents (1,100 ->100)
• Agents allowed to recruit sub agent sales outlets
Chart Agent Concerns Regarding FAA Changes

- NGA Charts no longer available (Not a NOAA issue)
- Chart pricing is a NOAA function
Comment: Chart Agent Concerns

- Occurred with introduction of raster nautical charts, POD charts, and ENC’s – OCS actions
FAA Chart Sales/Distribution Network

- NOAA chart files
  - FAA Printing
  - FAA Distribution

- Chart requests via FAA Standing Order System e-commerce site
  - Order shipped

- Chart requests accepted via e-commerce site, email, telephone, fax, or post
  - Returned stock

- Direct sales

- Authorized Sales Agents
  - 50% discount (no returns)
  - 40% discount; up to 20% returns

- General public
  - FAA agent agreement
    - Minimum sales of $5000.00 per year.
    - May create Sub-Agent networks to meet minimum sales.
    - Discounts based on election of either:
      - 50% discount of FAA published price with zero (0) returns.
      - 40% discount of FAA published price with up to 20% returns.

- Order shipped
  - FAA agent agreement
  - Sub-Agent sales outlets (deal directly through auth. sales agent)

- Order Shipped
  - (10-14 days; FedEx ground or U.S.P.S.)
FAA INTERNATIONAL CHART AGENT LOCATIONS
Elements of a Successful Distribution System

**Manufacturer**
*Manufacturer should be providing the following*
- Sufficient notice to distributor of new product release
- An avenue for constant customer feedback
- An avenue for feedback from distributor and retailer
- Response to feedback
- A reasonable price point for the product
- An aggressive marketing campaign

**Wholesaler**
*Wholesaler should be providing the following*
- Quick turnaround between manufacturer and retailer
- Prompt, cost effective delivery of products
- Feedback to manufacturer
- A reasonable price point for the product
- An aggressive marketing campaign

**Retailer**
*Retailer should be providing the following*
- Sufficient inventory to cover demand
- Minimal surplus
- Feedback to distributor and manufacturer
- A reasonable price point for the product
- An aggressive marketing campaign

**Customer**
*Customer should be providing the following*
- Feedback to manufacturer, distributor and/or retailer
Questions to the HSRP

FAA’s new agent model is the catalyst for re-evaluation of our distribution practices.

• What is the future of distribution?
• What are NOAA’s distribution responsibilities?
• What are not NOAA responsibilities?
• How should retail sales agents fit into the charting ecology?
• What should be our distribution relationship with FAA? NGA? Army Corps of Engineers? Agents? Mariners? Other nations?
• What are public roles and what are private roles in distribution? Why?
More Distribution Questions to the HSRP

• Should OCS even be considering distribution?
• Are our assumptions and constraints valid? Are there more?
• How can we increase the distribution and use of charts?
• Is it our responsibility?
• How can we take back market share from UKHO and knock-off producers via distribution?
• Should we?
• What action should OCS take with respected to the discontinued distribution of NGA nautical charts?

Note: Possible new products are outside the scope of this discussion.
Action to the HSRP

To the extent HSRP feels qualified, and taking into account the comments submitted to the Panel:

• Advise OCS on the Distribution questions listed.