

# NAUTICAL PRODUCT DISTRIBUTION

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Providence, Rhode Hydrographic  
Services Review Panel

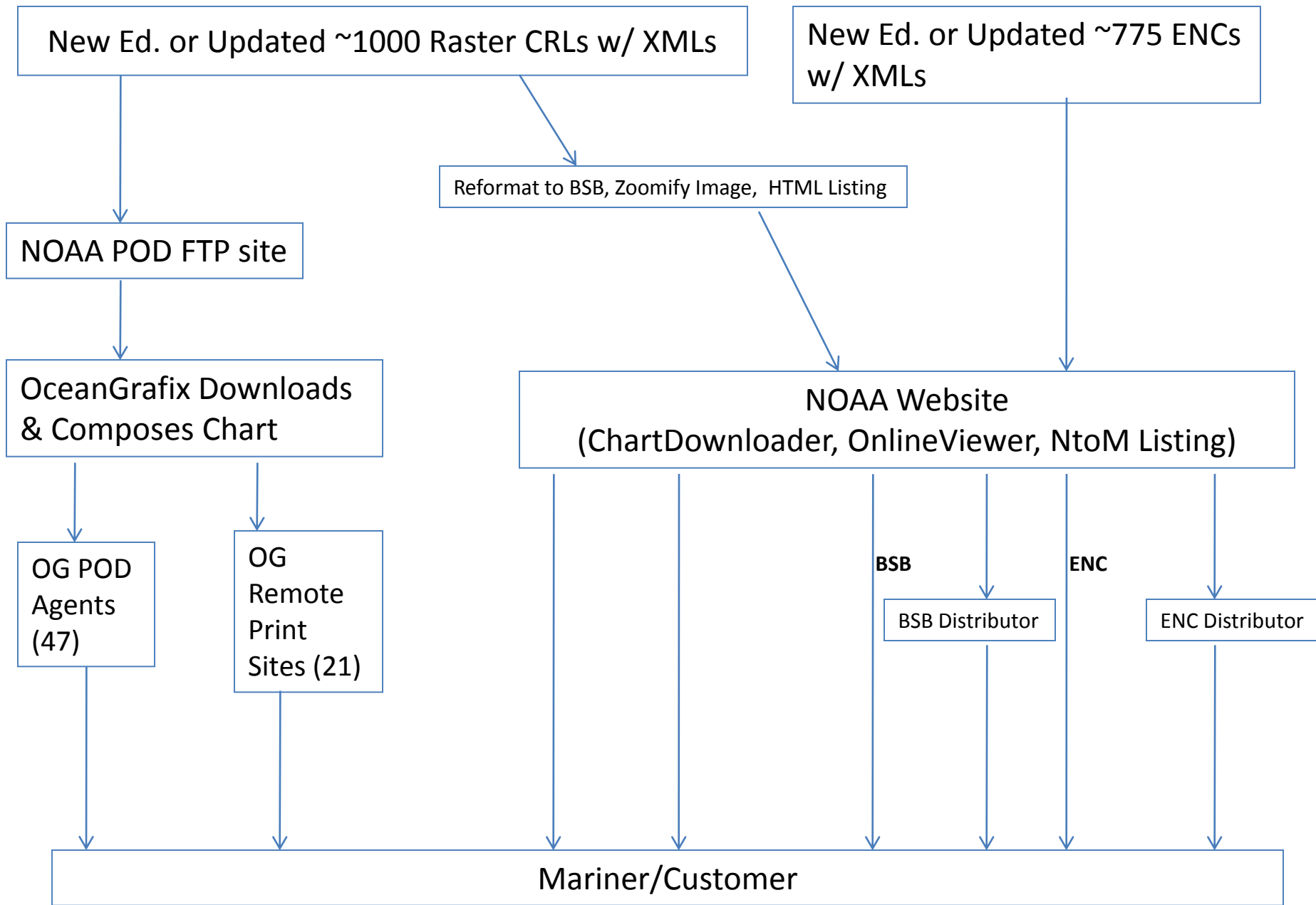
Island

# 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 ENC's and RNC's 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).



# 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

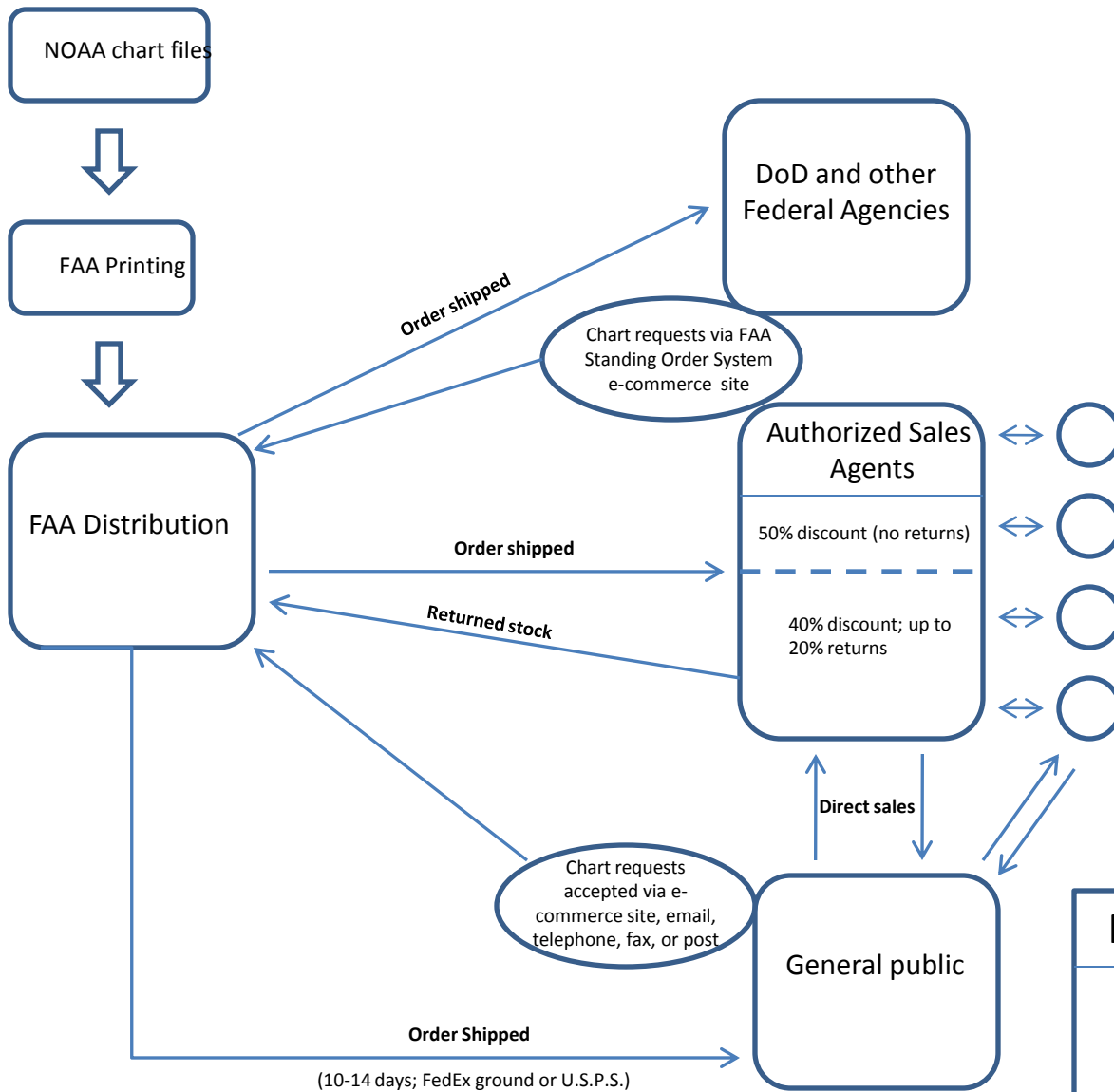
# Chart Agent Concerns Regarding FAA Changes

- 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

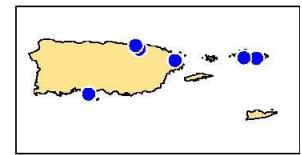
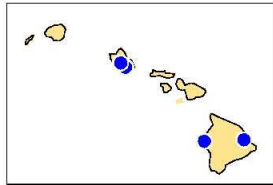
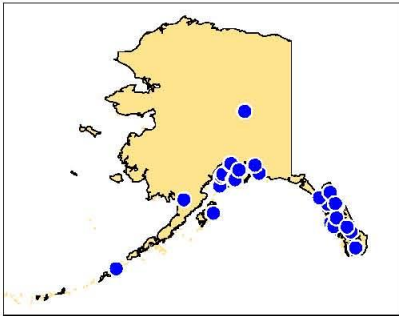
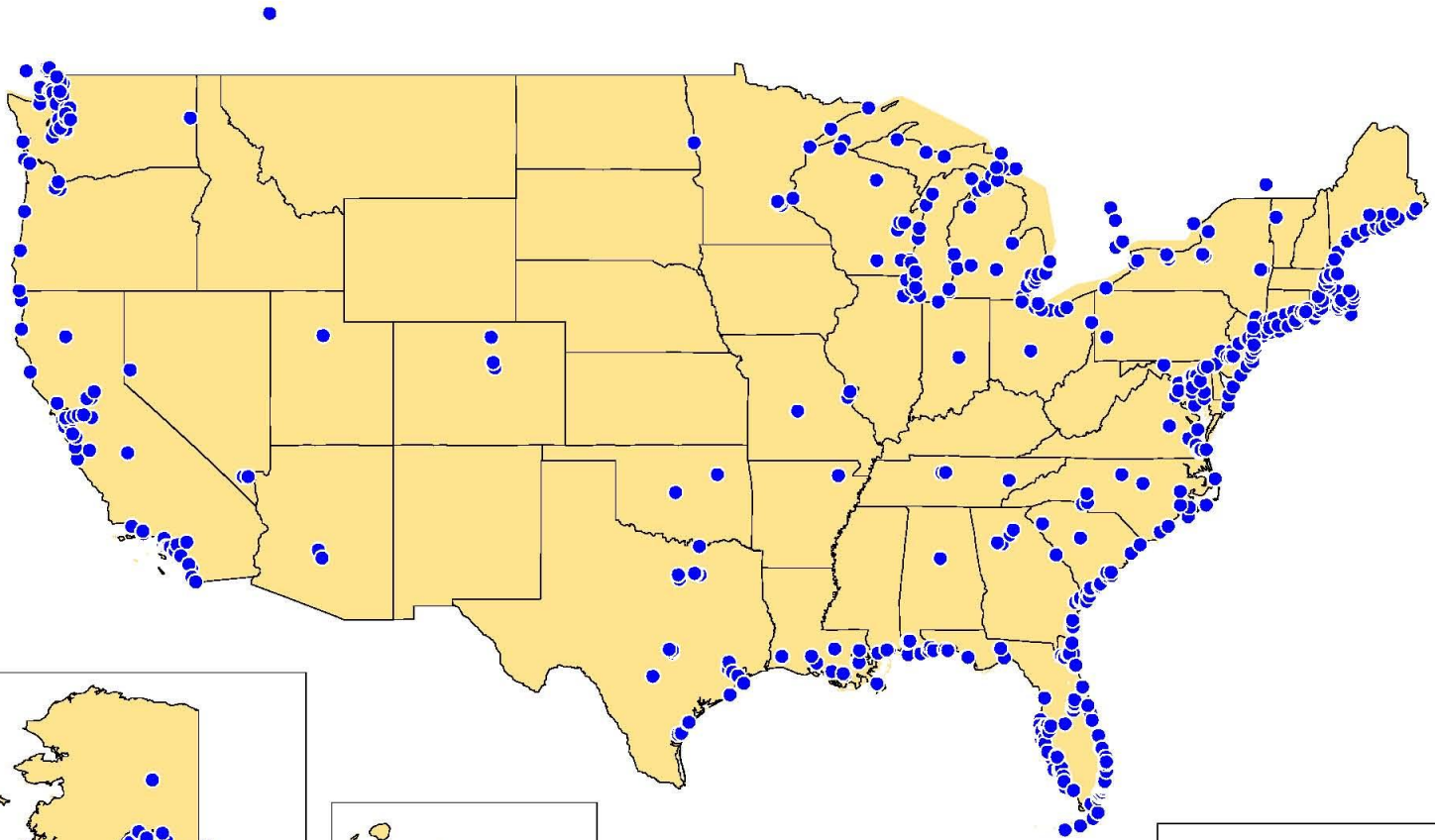


## FAA agent agreement

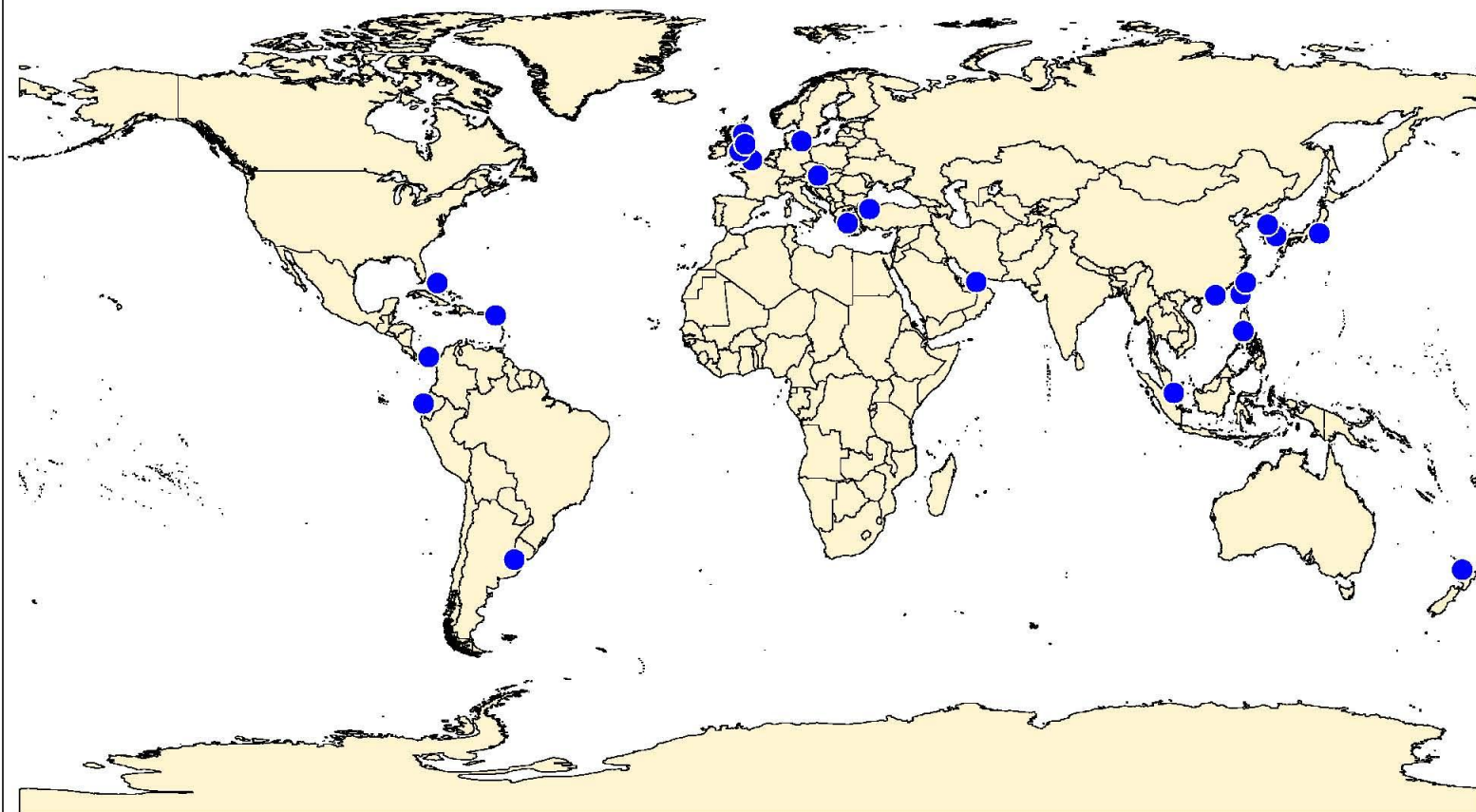
- Minimum sales of \$5000.00 per year.
- May create Sub-Agent networks to meet minimum sales.
- Discounts based on election of either:
  - 50% discount of FAA published price with zero (0) returns.
  - or
  - 40% discount of FAA published price with up to 20% returns.



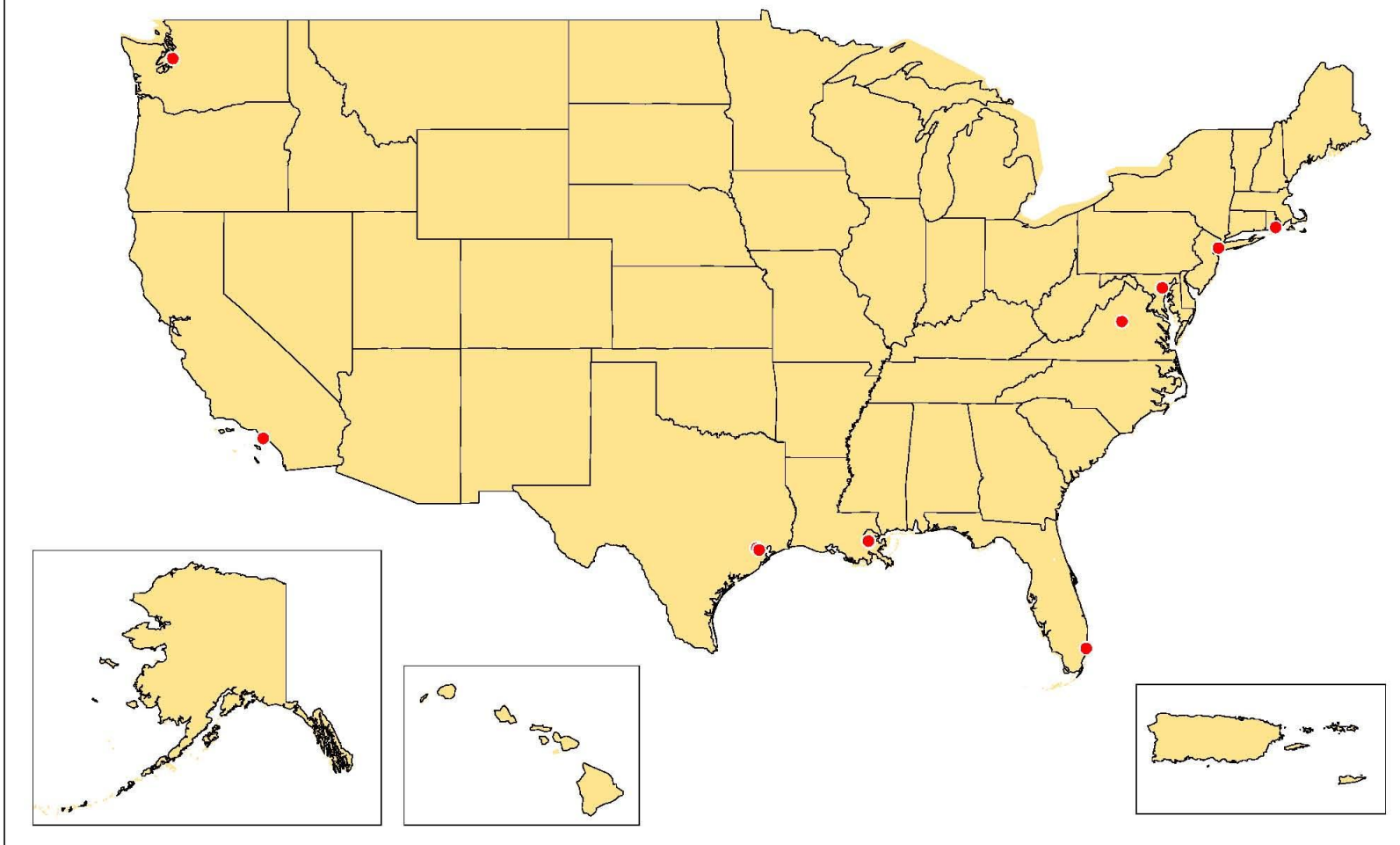
## LOCATION OF FAA NAUTICAL CHART AGENTS



## FAA INTERNATIONAL CHART AGENT LOCATIONS



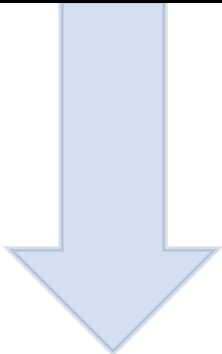
## LOCATION OF ADMIRALTY NAUTICAL CHART AGENTS





# Elements of a Successful Distribution System

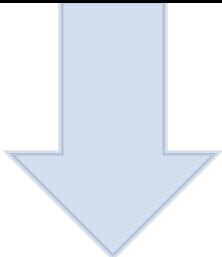
## Manufacturer



### 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

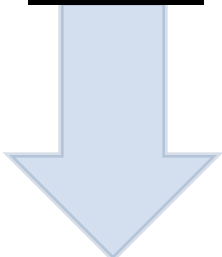
## Wholesaler



### 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 respect 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.