



AAPA Executive Management Conference Rancho Bernardo, San Diego, CA Marketing A Niche Port

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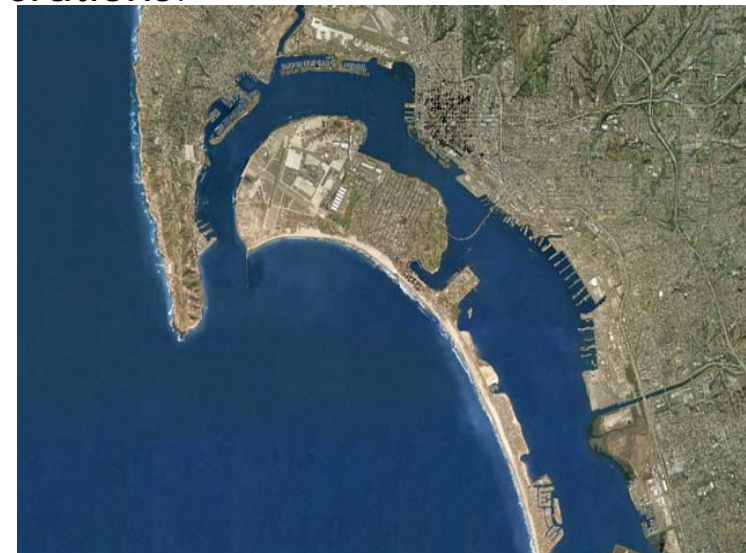
Outline

- Definition of Niche Port
- Port of San Diego, Its Facilities & Equipment
- Market Assessment
- Developing Marketing Plan & Strategies to Increase Tonnage & Revenue
- Implementing Marketing Plan & Strategies
- Evaluating Results
- Summary



Port of San Diego

- Self-supporting Special Purpose Agency
 - Created by the California legislature in 1962 to oversee the protection and development of the public tidelands surrounding San Diego Bay.
- Multi-jurisdictional
 - Five cities appoint seven board members to establish policies, under which Port staff conducts daily operations.
- 606 employees
- \$120 - \$130 million in annual revenues
 - Real Estate Division 65%
 - Maritime Division 25%
 - Miscellaneous 10%





Port of San Diego: A Niche Port

- Definition of a Niche Port
 - Port handles a particular cargo or market segment.
 - Port focuses on cargo based on specific facilities and equipment.
 - Port has made a strategic decision to invest in assets suited to targeted customers to capture a return on its investment.
- Port of San Diego is an operating port rather than a landlord port.
 - The Port maintains custody and control of cargoes within the marine terminals.
 - Marine terminals are not leased, but operated by the Port.
- Port's Strategic Plan of 1996, which was adopted by the Board, proposed that the Port focus on automobiles, refrigerated fruit, and bulk cargoes.
- The Port invested in facilities and equipment to retain and expand these cargoes.



Port of San Diego: Facilities

- Two cargo Terminals
 - TAMT – 2.5 million m.tons
 - NCMT – 465,000 m.tons
 - 2.9 million tons of cargo in FY 2004/2005
- Fourth largest California cargo port in terms of volume, after Long Beach, Los Angeles, and Oakland.
- B Street Cruise Terminal (FY 2004/2005)
 - 515,000 passengers

Tenth Avenue Marine Terminal



- 96-acres, 8 berths
- 1 million square feet of closed warehouse space
- Searles Valley bulk soda ash, borates, & sand
- Cemex with Siwertell unloader
- Public terminals for containerized/general cargo
- 100-Ton capacity Gottwald mobile crane
- up to 42 feet of draft at MLLW
- On dock rail connecting to BNSFRR
- Dole Fresh Fruit container facility
- HRS B/B palletized fruit in 300,000 s.f. whse
- San Diego Union-Tribune for B/B newsprint



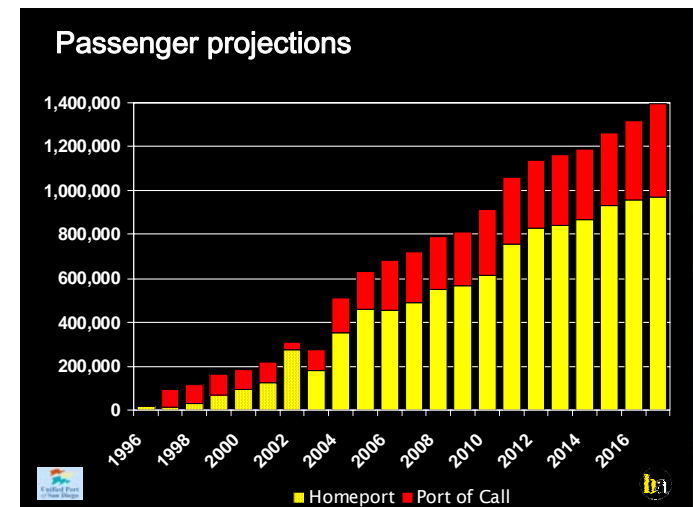
National City Marine Terminal

- 125-acres, 7 berths
- 35 feet of draft at MLLW
- On-dock rail to BNSFRR & UPRR
- The Pasha Group TOA
- Specialized Ro-Ro Facility
- Ocean going lumber barges
 - Dixieline and Weyerhaeuser with off-dock leases
- Military strategic port for NCMT and TAMT
- No container gantry or mobile cranes
- 465,000 metric tons of cargo in FY 2004/2005.
 - 231,969 in vehicles
 - 138,064 in lumber



B Street Cruise Terminal

- Facilities can accommodate two homeport vessels, two visitation vessels, or combination of both.
 - 9.2-acres 2 berths, 35 feet of draft
- 95,000 square feet of terminal and supplemental structures.
- Port operated
- Mexican Riviera 7 and 8 day cruises
 - October and April
 - Visitation cruise line call all year round.
- Carnival Corporation and Royal Caribbean
- 201 vessel calls
- 500,000 passengers in FY 2004/2005
- Each homeport call generates more than \$2 million dollars to the regional economy.





Market Assessment

- Necessary to develop targeted market segments
 - A market segment is a cargo in a particular trade area
 - Port Strategic Plan of 1996 focused on automobiles, refrigerated fruit, and bulk cargoes.
 - Total tonnage in 1996 was 1.1 million metric tons

PROCESS

- Develop Objectives
 - In 2003, Port of San Diego objectives included increasing Maritime tonnage & revenue
- Conducted a SWOT Survey
- Gathered data (PIERS)
- Hired consultants
 - Assess market trends and provide customer leads for short term strategy
- Evaluated current and future infrastructure
- Retained professional staff and obtained sufficient budget



Marketing Plans & Strategies

- Define mission
 - Identify & fulfill needs of current and prospective customers.
 - Expand & diversify current and future cargo base.
 - Provide quality customer service.
 - Increase tonnage volume and operating revenue.
- Define goals
 - Retain current customers.
 - Acquire new customers.
 - Increase tonnage volume and operating revenues by 10%.
 - Ensure dockage, wharfage, and storage rates are competitive.
 - Establish market driven rates.



Marketing Plans & Strategies (cont.)

- Goals (cont.)
 - Maintain and develop industry marketing alliances with carriers, brokers, and current customers.
 - Actively participate in economic development and maritime related initiatives with local, state, and federal governments and industry trade associations.
- Keys to Success
 - Provide responsive customer service
 - Perform market analysis to expand trade areas, develop new commodity targets, and diversify customer base.
 - Develop effective marketing and sales strategies to attract new business.
 - Maintain regular, direct, and effective communication with current and potential customers.



Marketing Plans & Strategies (case study)

- Port of San Diego FY 2003/2004
 - DATA: previous year tonnage of 1,999,816 million tons
 - MARKET ASSESSMENT/GOAL: forecasted 10% increase to 2,199,798 tons.
- Assumptions
 - Current customers would have to be retained.
 - New tonnage would be secured.
- Combine marketing plan and tonnage targets
 - Develop budget for FY 2003/2004 based on marketing plan, tonnage targets, and assumptions.
- Develop strategies
 - Retain current customer base and develop new customers.
 - Diversify cargo base and trade areas.
 - Target non-traditional cargoes and trade areas.
 - Target joint marketing programs with stevedoring companies and Class 1 Rail Operators.
 - Develop and support partnership with ILWU and Teamsters.



Implementing Plans & Strategies

- Trade development team
 - Director, two sales people, and one administrative assistant
 - Senior Director oversees the effort
- Actions
 - Evaluated consultant's report
 - Prepared customer lists and contacts
 - Made personal visits
 - Evaluated JOC Piers Reports
 - Contacted industry associations
 - Developed target commodities and trade areas
 - Created focused commodity and trade area table matrix on new opportunities
 - Evaluated Tariff rates
 - Implemented competitive rates (not to take away cargo away from a port competitor)
 - Initiated overseas travel to develop new business opportunities



Evaluating Results

- Total tonnage in FY 2002-2003 was 1, 999,816 metric tons.
- Total tonnage in FY 2003-2004 was 2, 628, 189 metric tons or an increase of 24%.
- Cargo vessel calls in FY 2002-2003 was 366.
- Cargo vessel calls in FY 2003-2004 was 405 or an increase of 10%.
- Current customer business increased from 1% to 63% depending on the commodity.
 - New business accounted for 28% of the total increase in volume.
 - Non traditional trade areas brought in new business from Asia, So. East Asia, Australia, and Europe.
 - Current customer base was retained and new customers were developed.
 - Target goal of a 10% increase in tonnage volume was surpassed at 24%.
 - Industry alliances were solidified and the labor force was ecstatic.



Marketing Niche Ports: Summary

- Embraced the strategy that it was a niche port in FY2003-FY2004.
- Evaluated facilities and equipment adjusted to become a niche port.
- Assessed cargo markets to develop targets.
- Created marketing plans and strategies to increase tonnage and revenues.
- Implemented plans and strategies with successful results.
- Developed similar plans and strategies for FY2004-FY2005 with similar positive results.
- Creating a new Maritime Business Plan through 2030.