

# Juneau Business Freight Survey

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March 8, 2018

Prepared for:  
Juneau Chamber of Commerce

Presented by:  
Jim Calvin, McDowell Group Principal



# Survey Purpose

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- Identify and address barriers to business development associated with freight transportation into and out of Juneau.
- Part of JCC's commitment to support CBJ's *Juneau Economic Plan* (JEP):
  - JEP Initiative: "enhance essential infrastructure" by supporting "transportation infrastructure-related policies and developments that will...control or lower the cost of freight shipment into and out of Juneau."

# Fun Freight Facts

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- Ship in 27,000 lbs of freight annually, per capita
- 6,500 lbs of groceries per capita
  - *200 million lbs of groceries*
  - *7 million lbs of fresh vegetables shipped in annually*
- 12 million lbs of alcoholic beverages
  - *But ship out 70 million lbs*

# More Juneau Freight Stats

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## Barge Freight

- 423,000 tons shipped in (excl. petro)
- 214,000 tons shipped out
- 69,800 loaded TEUs in-bound in 2016 (9% below 2015)
- 26,400 loaded TEUs out-bound (6% below 2015)

# More Juneau Freight Stats

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## Air Freight

- 14m lbs. into Juneau in 2016 (6% above 2015)
  - 9.7 m lbs. from Anchorage
  - 1.9 m lbs. from Seattle
- 10m lbs. out (up 14%)
  - Top out-bound dest.: Sitka (3m lbs.), Seattle (2.8m), Anchorage (1.9m)
  - 1.4 m lbs to outlying NSE communities

# Overview of Juneau Freight Stats

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- **Alaska Marine Highway System**
  - 940 vans off-loaded in 2015
    - **40% of arrivals are from Prince Rupert or Bellingham**
  - 819 vans loaded in Juneau
    - **158 to Gustavus, 146 to Haines, 108 to Hoonah**
  - Juneau AMHS van traffic down 10% since 2013

# Survey Overview

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- Survey designed in consultation with JCC
- Conducted May through August 2017
- On-line survey conducted in 2 phases
  - Phase 1 targeted a selection of businesses especially reliant on in-bound and out-bound shipping
  - Phase 2 survey was opened to all interested businesses and organizations
- Total of 116 usable surveys
  - 40 targeted
  - 76 all other

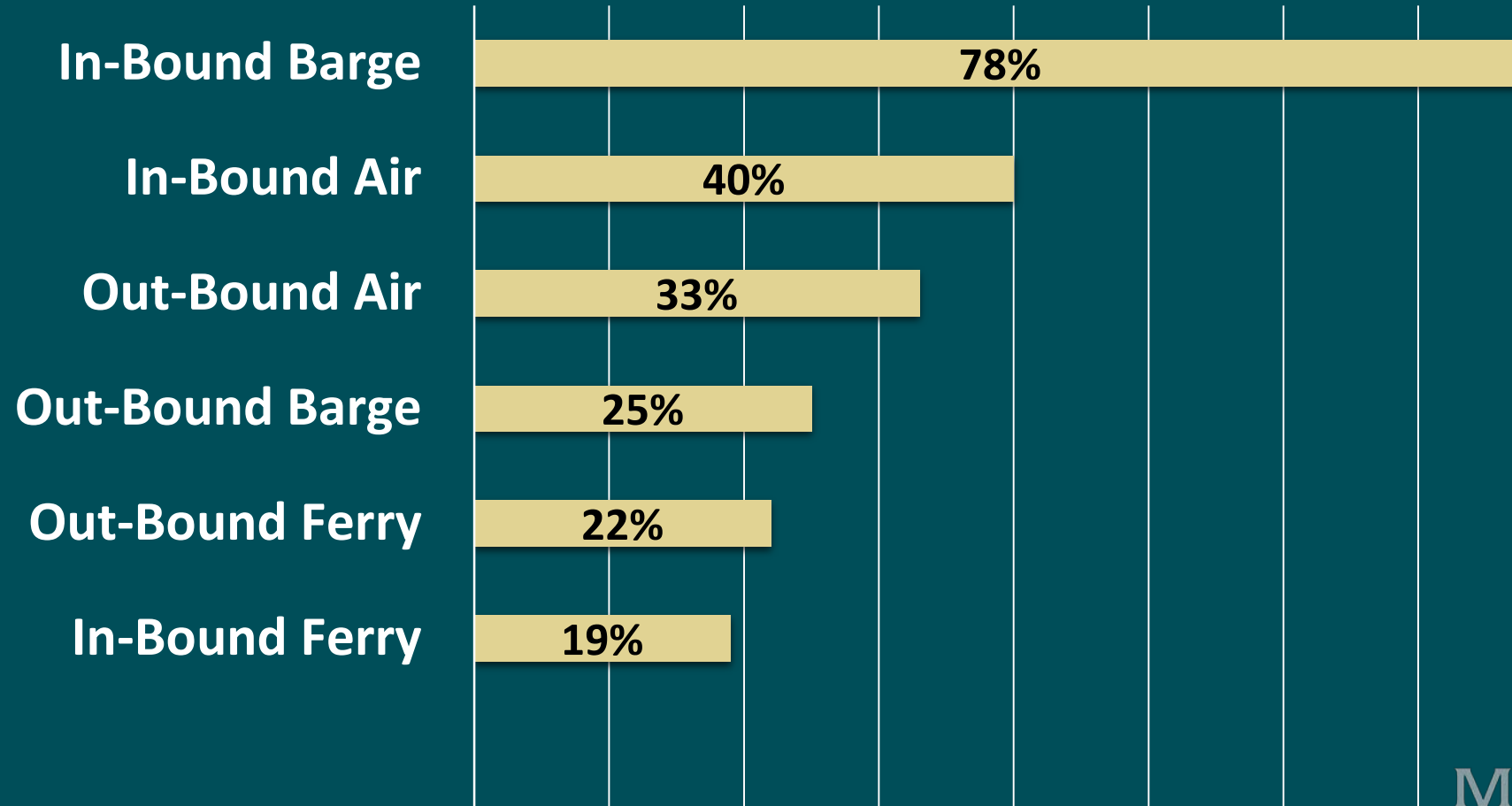
# Profile of Survey Participants

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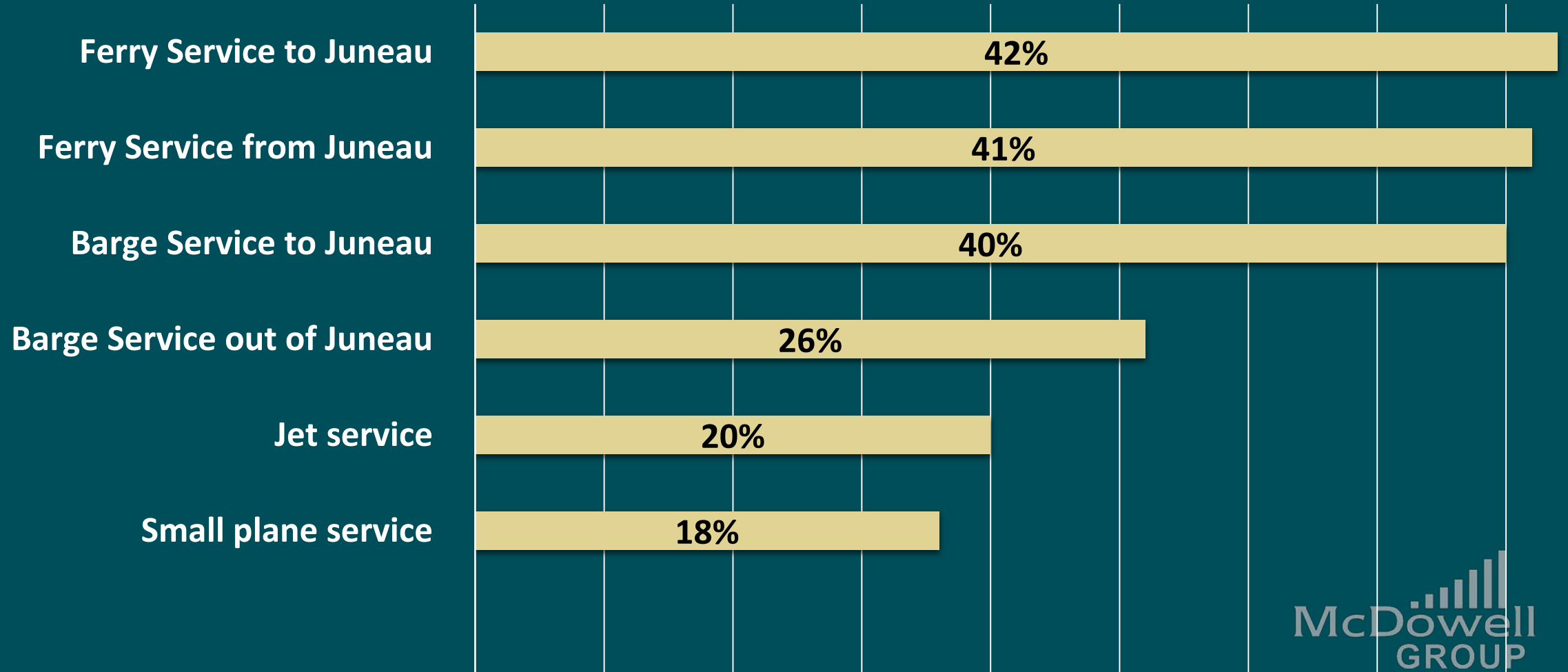
- Together account for approx. \$700m in annual sales
- 4,000 full and PT jobs
- Mix of large and small
  - 11 respondents have more than 100 employees
  - 29 have 10 or less employees
- Survey results aggregated into 5 sectors:
  - Construction, Manufacturing, Food/Beverage, Trade, and All Others



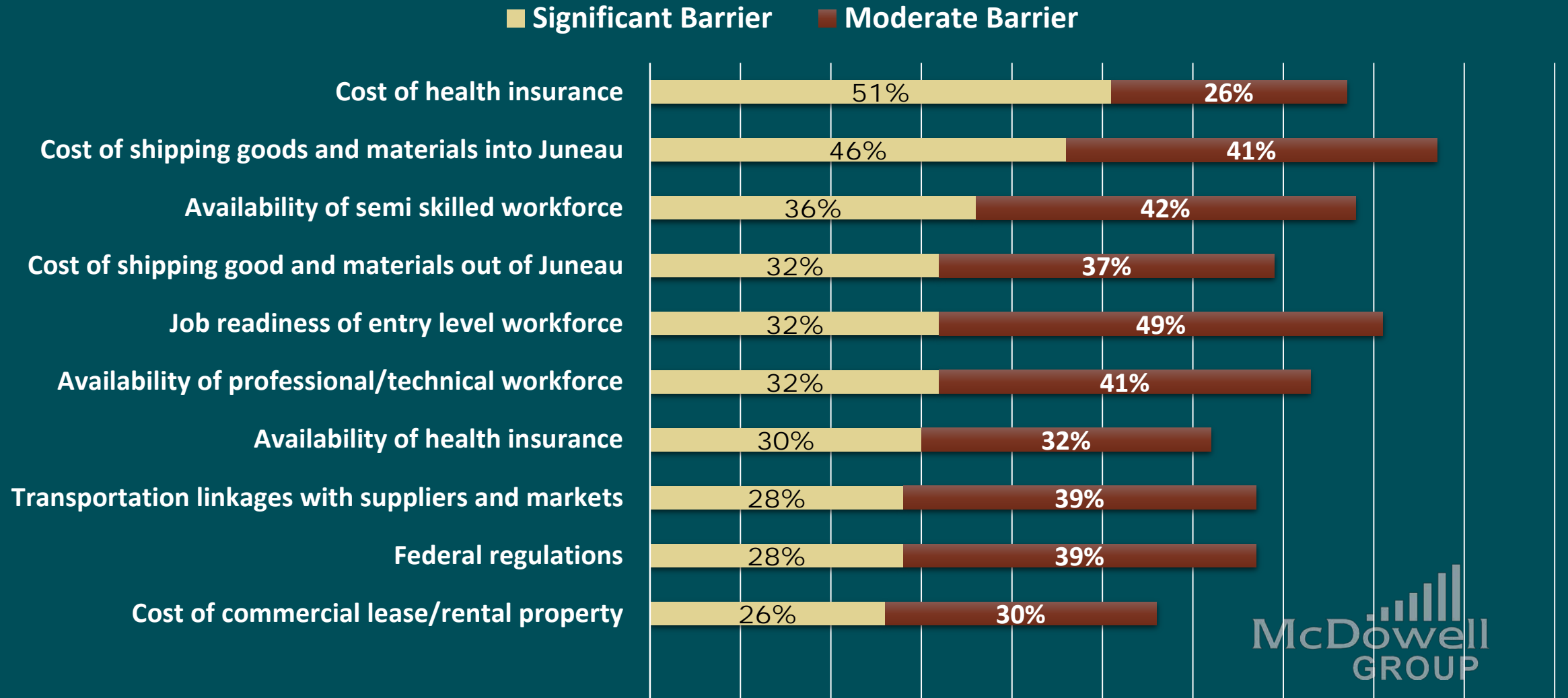
# Businesses Reporting Freight Service as Very Important to Their Cost of Doing Business



# Businesses Reporting Service Frequency as Barrier to Business Growth



# Top Barriers to Business Growth



# Impacts of Lower or Higher Shipping Costs

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## *A 10 percent reduction in shipping costs...*

- “Free up capital to increase the pace of our expansion efforts.”
- “..make us more competitive with the suppliers in Puget Sound.”
- “...makes Juneau a more affordable place to live as the cost of housing, food and energy drops.”
- “Freight costs are passed on directly to our customers. A 10% reduction for us would be a 10% reduction for them.”
- “It would also address the problem we are having competing with Amazon Prime.”
- “...allow us to better compete with online retail.”

# Impacts of Lower or Higher Shipping Costs

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## *A 10 percent increase in shipping costs...*

- "...increased cost to customer resulting in higher shelf prices for our products."
- "...push me closer to warehousing all my merchandise outside...."
- "... reduce profitability....make e-commerce a very small part of my business....."
- "... reduce margins and benefits to stakeholders. As we compete with the internet and free shipping, we can't just raise our prices."
- "... As freight cost rise the National retailers need only outlast local businesses ...lead to fewer and fewer local businesses."

# Freight Service Improvements Needed *(other than lower costs)*

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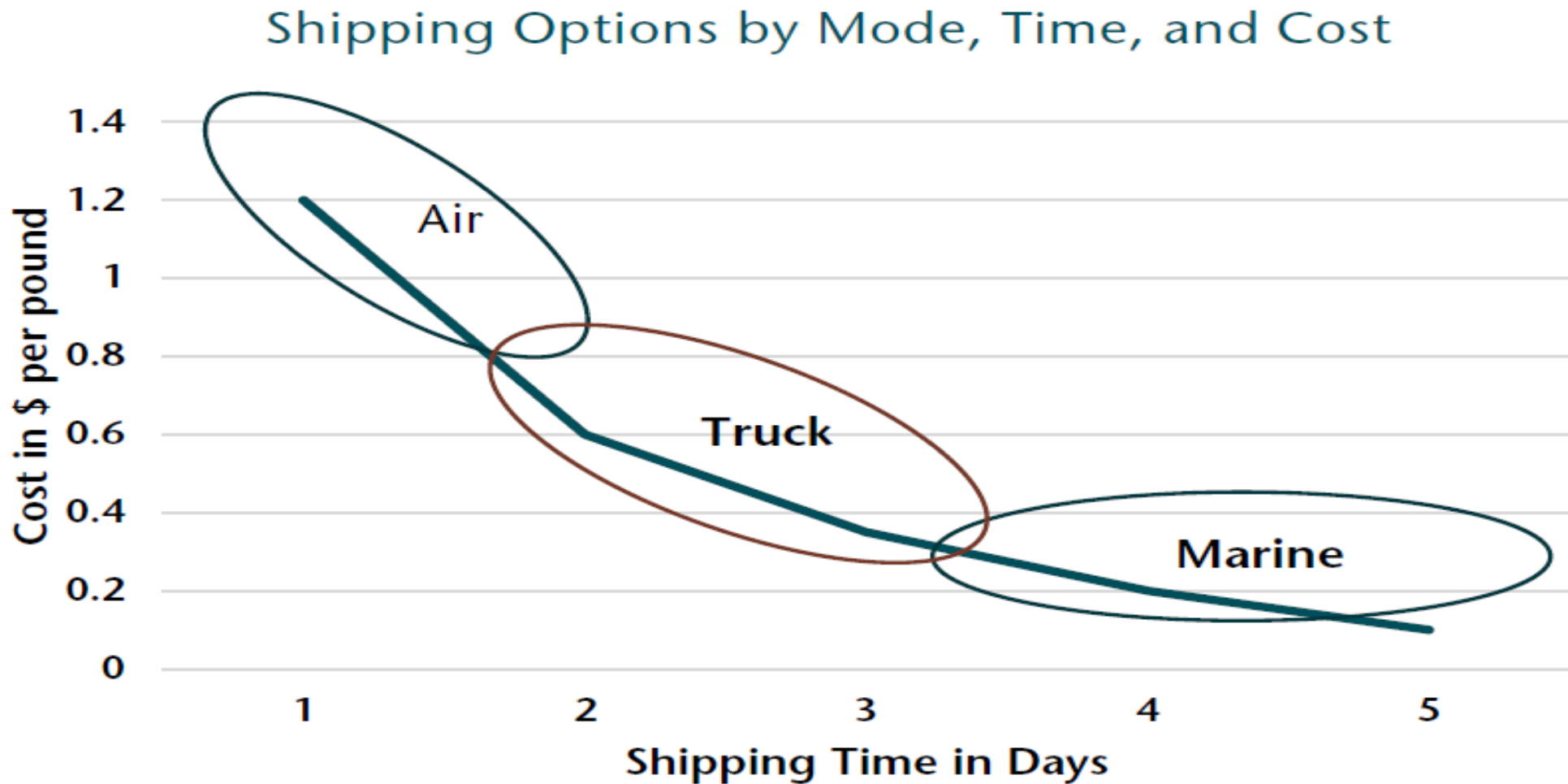
- More frequent service, for all modes of transportation
- Increased out-bound air freight capacity
- Road connection to Juneau and other regional road development
- Greater opportunity to use AMHS to ship freight
- Enhanced opportunity for out-bound fish shipping
- More competition in the freight transport market

# The big picture...

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- Juneau businesses lack the full spectrum of over-land, marine, and air freight transportation opportunities
- Juneau's distance from major supply centers/markets mean shipping costs will always be a challenging aspect of doing business
- Juneau's freight industry includes dominant, heavily-invested, established, and well-run businesses
- The freight business has substantial barriers to entry
- No easy solutions to ease freight challenges, but not insurmountable

# The Spectrum of Freight Options





# Summary

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- **Opportunities for improvement?**
  - Consolidation of less-than-container load shipping
  - Support sustainable, reliable AMHS service
  - Build road and port infrastructure needed to support community growth in the future

# The full report....



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