

Marketing and Communications Plan

Presented to:
Mid-America Regional Council and Kansas City SmartPort

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Overview

The Kansas City Regional Freight Outlook (RFO) was prepared to sustain existing momentum and further expand the region's presence in transportation and logistics. The overall vision for the Kansas City RFO is to positively impact and accommodate the growth of freight transportation and logistics in the 18-county study area.

The Mid-America Regional Council and Kansas City SmartPort initiated the Kansas City Regional Freight Outlook. The Kansas City RFO was developed in collaboration with the Kansas and Missouri Departments of Transportation.

The overall study included a series of deliverables focused on identifying freight infrastructure needs and assessing Kansas City's regional transportation advantages, resulting in targeted strategies and messages for the region. The following list details each of the study deliverables:

- **Freight Directory:** Inventory of the region's 40 freight zones including modes, volumes, existing industries and presence of foreign trade zones
- **Business Survey:** Summary of 427 survey responses of businesses on freight topics important to the region
- **Focus Group Summary:** Major findings from five focus groups conducted with the general public, business and elected officials
- **Freight Infrastructure Investment Plan:** Focuses upon transportation infrastructure by freight mode and provides a set of transportation priorities for the region.
- **Regional Freight Assessment:** A comparative of assessment of Kansas City against other cities in the U.S. in terms of freight activities and site selection characteristics.
- **Freight Flow Analysis:** A summary of the volume and value of freight flows in, out and through Kansas City by truck, rail, air and barge.
- **Freight and the Environment in Kansas City:** A brief white paper on environmental topics related to freight and the region.

Using the data and research from each element, a series of findings are outlined that help inform the **Strategic Plan** development. This Strategic Plan draws on the data and research completed as part of the overall Kansas City RFO elements related to infrastructure, freight flows and economics to create objectives, strategies, and tactics that support the regional vision. The freight Strategic Plan was created to help the region remain a vital national freight transportation hub attracting freight growth.

Finally, the **Kansas City RFO Summary** is a culmination of all the work completed on each individual element. The summary provides an overview of the study effort, information on infrastructure and freight flows, as well as, a summary of the surveys and comparative cities analysis. Key recommendations and critical actions are provided to narrow the focus on the near term and help to initiate and maintain the regional vision to positively impact and accommodate the growth of freight transportation and logistics in the 18-county study area.

Two additional documents were prepared for use by MARC and SmartPort:

- **The Economic Impacts of Candidate Freight Transportation Initiatives in the Kansas City Region:** This white paper evaluates the potential economic impacts of various freight transportation initiatives in the region.
- **Marketing and Communications Plan:** This plan identifies specific communications objectives to target regional marketing related to transportation and logistics.

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I. INTRODUCTION

The Mid-America Regional Council (MARC) and Kansas City SmartPort (KC SmartPort) worked with a consultant team led by TranSystems to conduct the Kansas City Regional Freight Outlook (KCRFO) Study for the metropolitan area. The purpose of the project is to provide a freight strategic plan that helps the metro area remain a vital national freight transportation hub and attract freight growth to the region. The study provides current and 20-year projections of freight facilities and commodity flows in an 18-county area. It identifies freight infrastructure needs and assesses Kansas City's regional transportation advantages.

The KC RFO guides a targeted marketing strategy for the region. The following communication plan is intended to support that effort.

Goals and Objectives

The overall goal for the KC RFO is to lay the groundwork to solidify Kansas City as a premier inland port location.

Specific marketing communications objectives are to:

- Identify the variables that will make the region more attractive to freight transportation businesses (rank, reach, size, cost, jobs, etc.)
- Highlight distinct competitive advantages through communications strategies (such as warehouse capabilities, central location, ease of accessibility, etc.)

The KCRFO marks the launch of a significant marketing effort, backed by the recognized expertise of an industry leader—TranSystems. The KCRFO generates tremendous awareness, gets information in front of targeted audiences (such as elected officials and prospective business leaders) and serves as a bellwether for important things to come within the region. Further, the study can be expected to raise the bar for similar research in other areas of the country.

MARC and KC SmartPort share a dual role as champions for Kansas City as a major national freight transportation hub. The success of the KC RFO communications plan therefore hinges on the regional leadership and outreach efforts of these entities. This plan includes communication messages for MARC and KC SmartPort, geared toward specific audiences. Target stakeholders include **Private Business Leaders, Elected Officials** and **Influencers of Public Opinion**.

KC SmartPort's communication goals following the study were to:

- Develop messages that incorporate KCRFO results and data
- Use KCRFO findings to promote Kansas City's inland port capabilities
- Use KCRFO findings to reinforce current positive perceptions about the region
- Tie specific performance measures to indicators such as general awareness, strength of brand, and feedback on site selection

Beyond the stakeholders, prospective and current business targets for KC SmartPort were further defined as manufacturers, distribution centers, warehouses, third-party logistics providers (3PLs) and site selectors for these targets.

MARC's goals for the study were to gain information about the importance and impact of freight that could then be discussed with public officials.

MARC's communication goals were to:

- Increase public officials' understanding and awareness of the importance of freight to the Kansas City Region
- Bolster policy objectives that facilitate transportation investment and funding

Ultimately, the study will begin to frame ongoing, long-term strategies for an expansion of freight-based industries in the area. For MARC, communication goals will leverage stakeholders' recommendations and capitalize on communication channels that are currently in place and working well.

Situation Analysis

The following is an overview of current marketing communications efforts by Kansas City SmartPort and MARC.

KC SmartPort

“America’s Inland Port Solution”

Current Messages

A “lay person’s perception” of current messages available through KC SmartPort materials and website could include the following:

Fast/low-cost/efficient/secure: In addition to attracting businesses with significant transportation and logistics elements, KC SmartPort focuses on initiative to make the movement of goods in, out and through the Kansas City area faster, less expensive, more efficient and more secure.

Warehouse capability: With 25 million square feet currently available and more on the way, the region also possesses unrivaled subsurface warehousing operational expertise.

Green: “Subsurface sites are the epitome of green. They represent a total reuse of a resource. The carbon footprint is minimal and electrical bills are low.”

- According to Paul Licausi, president of LS Commercial Real Estate

Location/highways: Located at the intersection of several of the nation’s major interstate highways (I-35, I-70, I-29 and soon, I-49), Kansas City has more freeway-lane miles per capita than any other U.S. city.

Location/reach: Kansas City is the most centrally located market in the U.S., with three established interstate highways (with a fourth, I-49, soon to be added). These assets offer distribution centers and manufacturers access to 98 percent of the U.S. market and 60 percent of the U.S. population within a two-day truck move.

Size/rail: It is the largest rail center in the U.S. as measured by tonnage.

Air: The Kansas City International Airport moves more air cargo each year than any center in a six-state region.

KC SmartPort maintains active relationships with multiple economic development organizations, internationally and at the county and city levels in both Missouri and Kansas. The Missouri Partnership, Missouri Department of Economic Development, Kansas Department of Commerce, and Kansas City Area Development Council (KCADC) are just a few of the marketing

partners that participate in developing transportation-related opportunities for the Kansas City region.

Currently, KC SmartPort uses a variety of marketing communication channels. A standard packet of printed materials is available for regional prospects, while business targets outside the region are presented with highly tailored information dependent upon specific interests and needs. KC SmartPort reports these initiatives, along with the robust KC SmartPort Web site, are working well. By using a mix of communication channels, KC SmartPort aims to build brand awareness, drive engagement and add value to customers' and prospects' experience.

Current marketing communication activities follow.

- "Awareness" postcards are periodically sent to outside targets and generate interest from people around the country who want to know what is happening in Kansas City.
- Advertisements and public relations information are placed in publications such as *Logistics Today* and *The Journal of Commerce* (JOC) several times per year and often receive editorial support. "The Kansas City Advantage," an expansive JOC article appearing in Fourth Quarter 2008, tagged KC SmartPort's Trade Data Exchange (TDE) as a "logistics revolution" and the region's transportation infrastructure as "an intermodal mecca."
- Business development staff members are available for in-person presentations and for site visits to show off both the city at a macro level and then specific company sites as appropriate. Currently, the majority of site visits target key site selectors.
- Trade shows and panel participation are actively scheduled.
 - Council of Supply Chain Management Professionals
 - National Industrial Transportation League
 - Warehousing Education and Research Council
 - Transportation Research Board
 - Midwest Real Estate Transportation Logistics Panel
- The frequently updated news and interactive elements through kcsmartport.com have received positive feedback, and the site maintains a robust list of service providers that directly or indirectly support logistics-dependent business.
- A monthly E-News link is sent to a growing list of approximately 3,000 contacts to keep KC SmartPort in front of audiences with timely updates and press coverage.
- To support small- and mid-size companies interested in Mexican and Central American markets, KC SmartPort secured grant funds from the U.S. Department of Commerce that provided international research and trade mission assistance to these targets. With this

program, KC SmartPort helped to jump-start the expansion of local exports for a number of area businesses.

Ongoing involvement and interest is created for KC SmartPort investor groups (investor levels – Board, Pinnacle and Gold – are tied to annual contributions) with strategic input, customized marketing, conference invitations and increased exposure like the Home Page Investor Spotlight where members are profiled along with a link to the company's Web site.

KC SmartPort is a customer-driven organization that listens to its stakeholders. Investors help drive the organization's direction through participation in the annual "Strategic Planning Discussion." For 2008, feedback from this group was enthusiastic about the agency's goals and achievements overall, especially the soon-to-be operating Trade Data Exchange.

MARC

As the area's voluntary association of city and county governments and as the area's metropolitan planning organization (MPO), MARC serves the bi-state Kansas City region. MARC strives to foster better understanding and cooperation on issues that extend beyond the jurisdiction of a single city, county or state. Freight transportation is one of MARC's areas of interest.

MARC is responsible for the area's Long-Range Transportation Plan (LRTP). MARC studies have established that metropolitan Kansas City has one basic goal: to create a region where the quality of life continually improves for everyone. Building on this premise, the current LRTP (*Transportation Outlook 2030 Update*), explores and explains the region's ability to solve transportation problems and make progress.

MARC plays a major role as a conduit between the general public, elected officials, and the federal government on transportation-related benefits and concerns.

Outreach/Communications include:

- The Public Participation Plan for transportation planning specifically mandates such activities as:
 - 1) public meetings at convenient and accessible locations/times;
 - 2) visualization techniques (e.g., interactive maps, tables, photos) to better describe plans; and
 - 3) public information available in electronic formats.

Public meetings are held in conjunction with other community gatherings when possible (e.g., Rotary, YMCA, neighborhood associations). Informational displays and booths are also used at malls, school sporting events, festivals and neighborhood association meetings.

- A public meeting calendar is posted on the MARC Web site.
- Communication channels also include the media (The Kansas City Star, Dos Mundos) and other publications and mailings, e.g., the bimonthly ReMARC newsletter.
- One KC Voice – a “citizen engagement network” for quick citizen response on pressing issues that incorporates churches, libraries, community centers and other resources for face-to-face meetings with the public.
- A rich, multi-layered Web site – **marc.org** – offers visitors abundant information on the agency’s goals and initiatives. The site shares ways for interested citizens to both actively participate in MARC’s processes and to become better informed.
 - A “Stay Informed” sign-up form can be accessed from the home page’s “Public Input” link for updates on publications, committee summaries and transportation initiatives.
 - Transportation Matters, a monthly e-newsletter, covers general transportation plans and projects targeting a mixed audience with approximately 800 subscribers.
- Total Transportation Policy Committee (TTPC) meets monthly to address multi-modal transportation issues in the region and serves as a transportation-related forum for local, state and federal officials, members of the general public and leaders of private business.
 - Reporting to the TTPC, the Transportation Legislative Advisory Committee’s stated goal is to “develop the Kansas City region’s position on legislation and funding” as it relates to the area’s transportation system. This committee targets city, state and county governments; DOTs; mayors and planners.
- Goods Movement Committee is a planning committee that meets as required. The goal is to integrate freight transportation issues with the total metropolitan planning perspective and process. Target audiences: Missouri Department of Transportation (MoDOT), Kansas Department of Transportation (KDOT), KC SmartPort, cities, counties and the City Aviation Department.

II. COMPARATIVE CITIES

Business Marketing Communications Review

To understand how Kansas City compares to other inland port competitors, interviews were conducted with multiple agency representatives from the four comparative cities (Columbus, Dallas, Indianapolis and Nashville) regarding their marketing communications elements and efforts. The study focused on factors that contributed to the cities' success in reaching and influencing logistics-related prospects. The review especially sought out "best practices" and "lessons learned" from the various organizations. Standard marketing communications samples were requested from each agency for review, and KC SmartPort submitted its materials in return.

Comparative findings and recommendations for competitive positioning are outlined in the following sections.

Columbus, Ohio

"Be Here. Get There."

Promotional Messages:

Location: "A Midwest location within a one-day drive ... of nearly half the population and manufacturing capacity of the U.S. and Canada."

(Inbound Logistics Handout/Columbus Chamber of Commerce)

Rank/Logistics: "Ranked 4th [logistics assets] by U.S. News and World Report 2008."

(Logistics Brochure/Columbus.org)

Size: "... the Rickenbacker Global Logistics Park, one of the largest integrated logistics complexes in the U.S."

(columbusairports.com)

Jobs: "Logistics accounts for more than 100,000 jobs and nearly 14% of the region's private sector employment."

(Columbus.org)

The **Columbus COC's** 2007-2008 Public Policy Agenda stipulates that all business leads, "...should be managed by the Columbus Chamber of Commerce because it is the central, regional organization that gathers information and shepherds the prospect through the site selection process." Covering eight counties including the largest, Franklin, which includes Columbus, the regional COC serves as a single point of contact for economic development to approximately 40 jurisdictions. Supporting, growing and funding the logistics spectrum is a major focus for the Columbus region appearing across multiple agencies and initiatives.

With oversight from the COC and a goal of Columbus becoming a nationally recognized logistics center," the **Columbus Region Logistics Council (CRLC)** represents a group of 24 private-sector leaders in the logistics arena. The CRLC is 1) a third generation of the Columbus area's original Inland Port Commission – a highly productive public/private partnership that facilitated communication between regional stakeholders around intermodal freight transportation improvements; and 2) a critical component of the Chamber's Logistics Roadmap (a long-term strategy for growing central Ohio's logistics network) and collaborates closely with business professionals – through access to leads, participation in trade shows and conferences, corporate calling and relationship building.

Logistics growth appears as one of four key priorities in the 2008 Action Plan with specific marketing indicators and goals established. Tactics included the development of a Logistics Solution Center with educational collaboration and possibly business incubation along with a virtual center for market research and the most current logistics data available.

For the Columbus COC, industry advertising and tailored information packets take a back seat to nurturing national media relations – bringing journalists to Ohio, issuing press releases, placing articles – and direct, personal connections with prospective business. A new logistics section at Columbus.org includes a News link to [World Trade Magazine's](#) "Supply Chain Survival Guide, Part II" featuring Columbus' logistics companies with real-life supply chain scenarios that underscored how 3PLs offer value-added services and cost savings.

The **Mid-Ohio Regional Planning Commission (MORPC)** is the MPO for the Columbus region covering 44 local governments. A particularly effective communication tool has been the *Central Ohio Freight Fact Book*. Initially developed in 2004, the resource is a summary of freight information for business, DOT and COC organizations that need to understand regional assets and their relationship within the community. With specific data organized by transportation freight mode as well as geographic reach (from a national perspective down to specific central Ohio counties), the easily referenced and reproducible format uses a collection of two-sided fact sheets with a relatively long shelf life – updating every four years. The next edition most likely will be published in an abbreviated hardcopy version with full-text available online.

Community [Financing Seminars](#) for local and state officials have helped to elevate funding issues to a higher level and to get them in front of the right people. The initial goal was to sensitize participants to Ohio's transportation challenges with a second daylong session covering new innovative financing tools. A significant key to success was the use of high-caliber speakers like U.S. Senators and a Vice-Chairman of the National Surface Transportation Policy and Revenue Study Commission. The sessions also capitalized on considerable media coverage that supported the importance of attending and becoming informed – the reality of limited dollars for transportation infrastructure. Getting the attention of legislative representatives equates to one of the best performance measures for the seminars.

"Operating in a Foreign Trade Zone (FTZ) Offers Many Benefits" was the focus of a seminar hosted by the **Columbus Regional Airport Authority** for more than 70 business and real estate professionals and is another example of the multiple marketing initiatives operating within the Columbus region. The Airport Authority operates a FTZ covering 5,000 acres in the Rickenbacker International Airport area. Online Fast Fact sheets highlighting Rickenbacker and a quarterly publication, "Logistically Speaking," specifically target cargo airlines, shippers and freight forwarders.

Dallas, Texas

Promotional Messages:

Reach: “More than 50 million people can be reached from DFW overnight by truck or rail and 98 percent of the U.S. population can be reached within 48 hours.”

(Dallas Chamber of Commerce/Dallas Office Guide)

Cost: “...out of the United States’ 24 largest metropolitan areas, the DFW Metroplex offers the lowest distribution costs to the top 50 consumer markets.”

(C.F. Lynch & Associates/Study)

Highways: “Only place in the U.S. with five interstate highways within eight miles”

(iipod-texas.org/Fact Sheet)

Incentives: “...one of the most competitive incentive packages in the United States.”

(dallas-ecodev.org/Economic Development Incentives)

The **International Inland Port of Dallas (IIPOD)** is to Dallas as KC SmartPort is to Kansas City. Created as a public-private partnership (City of Dallas, Houston Port Authority and U.S. Maritime Administration), the IIPOD represents the geographic overlay that includes 12 municipalities in Southern Dallas County and is the catalyst for investment and development in the area. With a goal of making Dallas the “nation’s premier logistics and distribution center,” the City funds and assumes staff responsibility for the inland port.

As the national platform for the City of Dallas, the IIPOD promotes all cities and developers. Each municipality also does individual recruiting, building consortiums with local businesses, brokerages and real estate firms. Marketing activities are expanding as IIPOD projects progress. The iipod-texas.org Web site launched in Second Quarter 2008 along with a task force to recommend next marketing steps. The efforts of the Environmental Working Group are detailed on the site – a consortium of city, county, community and environmental representatives formed to promote green development in the IIPOD. Also online is an extensive listing of Dallas-Fort Worth Logistics School links with specific program (degree and certificate), application and tuition information.

To support the substantial cargo flow between Dallas and a leading manufacturing center in Northern Mexico, the Dallas-Monterrey Twinned Ports Workshop (Third Quarter 2008) targeted the Dallas City Council, MPO, Office of Economic Development and interested consultants. One of the workshop’s objectives was to explore dual

manufacturing and logistics operations between the two regions with optimal security and customs clearance.

Although ten developers have a stake in the IIPD, most private sector development is managed by **The Allen Group**, which owns the Dallas Logistics Hub (DLH – a 6,000-acre logistics park adjacent to the Union Pacific intermodal facility) and represents a significant commitment to the region with a 35-year build-out anticipated. For the first several years, the developer concentrated on building a marketing base and introducing The Allen Group through print and advertising campaigns via local organizations, sponsorships and national trade publications.

Going forward, a drive-to-the-Web strategy will predominate and capitalize on pay-for-click advertising for targeted marketing. Visiting prospects (or their brokers) are tracked and contacted when terminology searches identify who visited, for how long and where on the site. The Web site Dallashub.com offers a “drayage calculator” – a marketing tool that can demonstrate significant savings for companies by assessing relocation costs. Other features include a 3D animated tour, global supply chain video and interactive maps available in real time, showing current and projected infrastructure, buildings and utilities for each jurisdiction in the DLH. Visitors can learn about the Dallas industrial market via links to the “broker bullpen” with trend reports from various commercial brokerage companies. A “Download” link offers a centralized area where every report, brochure, etc., mentioned throughout the site can be obtained.

The Allen Group has constructed an integrated packet that is highly informative, well organized and visually appealing. It includes a strong sustainability message with a goal, “... to become the most environmentally-friendly industrial park in North America.” Along with the dallashub.com site, promotional materials make clear to customers how The Allen Group understands and is in sync with the market as a dedicated, dominant player.

As the MPO responsible for transportation planning in north central Texas, the **North Central Texas Council of Governments (NCTCOG – “the COG”)** serves a 16-county region in the area. At the time of this report, the MPO was supporting a coordinated, regional infrastructure analysis with input from the City and County of Dallas as well as private development stakeholders.

Indianapolis, Indiana

“Crossroads of America”

Promotional Messages:

Location: “...located within a half-day’s drive of more than 20 major metropolitan markets; more than 82 million people live within a 500-miles radius of Indiana.”

(Indiana Economic Development Corporation)

Rank/Logistics: “Indiana ranks among Top 10 States in 30 logistics-related categories”

(2008 Indiana Logistics Directory)

Speed: “Compare Indianapolis’ air cargo volume (890,615 tons) to that of congested Chicago’s O’Hare air cargo (1,604,755 tons). Indianapolis offers fewer delays.”

(iedc.com/The Indy Partnership)

Rank/Education: “Degree program in Supply Chain/Logistics at Purdue University ranks in the top 10 in the nation”

(US News and World Report, 2005)

With a number of economic development players in the Indianapolis region, a flexible, teamwork approach works well. The agency lead generally is where contacts originate; with increased interactions, new relationships develop, take precedence and are supported by contributing agencies.

Strengthening economic development in the Indianapolis region is the mission of **The Indy Partnership**. Funded by private interests and 10 county economic development agencies, the not-for-profit organization serves as the area’s marketing and business development support – generating leads, responding to requests for information (RFIs), coordinating regional projects, and delivering key regional data, specialized information and relocation assistance for a variety of industry targets including advanced manufacturing and logistics. While leads often are created through traditional channels (advertising, direct mail, trade shows), and the Web plays a major role, all of these efforts augment personal contacts with prospective companies and site selection consultants.

Similar to the Kansas City Port Authority, **Ports of Indiana** is a “quasi-governmental organization that operates a statewide system of ports, foreign trade zones and economic development programs under the authority of the Indiana Port Commission” (a seven-member bipartisan board appointed by the governor). The organization is a market-driven entity with a full-time presentation staff and makes use of traditional

direct mail outreach with brochures, media guides, and a monthly e-newsletter, the Portside Magazine. Visits, meetings, tours and receptions are scheduled at the ports. First offered in 2004 and a major marketing vehicle, the Indiana Logistics Directory (available online or in hard copy for a nominal fee) is an annual publication that features business listings, business profiles, Indiana logistics issues/updates and an overview of the previous year's logistics summit.

The Indiana Logistics Summit, co-hosted by Ports of Indiana and Purdue University, increasingly has assumed a key marketing role for the region. Officials from business, academia, public policy and government attend with high-profile speakers and presentations from industry experts. For 2007, participants represented 15 states, 70 cities and 34 Indiana counties. With the goal of making the state a leader in the world of logistics, discussions center on how to make the state's related businesses more competitive. The summit has been a real "eye opener" in that transportation professionals and federal/state legislators are together in the same room and hear about Indiana's resources. Legislators reportedly have been particularly impressed in learning about "best practices" from other communities that can influence regional development strategies. Purdue University has more than 80 active logistics-related programs and projects; many have resulted from the summit.

The American Association of Port Authorities assigned top awards to portsofindiana.com – one of ten port authorities in the Western Hemisphere recognized for exemplary public relations. "Meet Captain Cargo," a cartoon video, interactive maps, and downloadable brochures introduce port tours, stats and benefits. The online company store retails branded items such as golf divot tools and ball markers, post-it pallets, posters and umbrellas. With three maritime ports at opposite ends of the state, the Web is integral and the "lifeblood" for all Port communications.

As one of the state's most recent economic development initiatives, **Conexus Indiana** was launched by the Central Indiana Corporate Partnership (CICP), an alliance of the CEOs of major regional employers and university presidents, to focus on advanced manufacturing and logistics industries. Targeting issues such as "workforce development, exploring new business opportunities and building research and supplier networks," Conexus Indiana is the catalyst in creating key partnerships and collaborations with private industry, the public sector and research institutions.

A series of regional sessions, the Conexus Roundtables, have been held throughout the state for business representatives (air, rail, trucking and shipping) regarding the most important infrastructure projects and policies to develop. From these sessions, a cohesive legislative strategy will be formulated for the entire state to address: 1) infrastructure; 2) public policy; 3) workforce; and 4) public awareness. Serving as a unique model with coordination of all modes at the state level, roundtable results are slated for presentation at the 2009 Indiana Logistics Summit.

Nashville, Tennessee

"Belong. Engage. Lead. Prosper"

Promotional Messages:

Reach: "Three major interstates and two inner loop connections... allow for a one-day drive to 75 percent of the U.S. markets."

(Nashville Chamber of Commerce)

Location: "... a major [freight rail] interchange point between Chicago, New Orleans, St. Louis and Atlanta."

(Nashvilleareainfo.com/Distribution Brochure)

Rank/Size: "The 12 million through trucks seen annually in the Nashville area would rank among the top ten metropolitan regions in the country [as measured by TRANSEARCH] ...to define the metro regions."

(Nashville Area Metropolitan Planning Organization [NAMPO])

Rank/Business-friendly: "Ranked No. 5 on the list of Most Business Friendly among large cities"

(fDi Magazine/April-May 2008)

In the Nashville area, the principal regional economic development initiative is Partnership 2010, a public-private collaboration and part of the **Nashville Area Chamber of Commerce**. The highly productive Partnership 2010 helps COCs throughout mid-Tennessee work together to market the strengths of the entire region. Economic development funding and initiatives from Partnership investors have been instrumental in supporting program objectives; recruit new businesses; foster steady population growth; address workforce quality and quantity issues; and expand the existing industry base.

The COC uses active inbound/outbound marketing programs that include customized information packets for logistics-related companies, direct mail to target cities and advertisements in national site selector publications. Business development teams visit other cities. A focus on both creativity and gifts/activities that are uniquely tied to the Nashville area highlights the city's best features with memorable products and experiences. Decision makers are brought to the city for weekends that coincide with the Country Music Awards or notable athletic events. With Gibson Guitar headquartered in the area, mandolins manufactured by the company were sent to business clients. The city also takes advantage of good publicity resulting from national market rankings. When Nashville was anointed "America's Hottest City for Relocations and Expansions" in 2005-2006 by *Expansion Management* magazine, M&M's™ stamped with "We're #1" were sent to targeted contacts.

A user-friendly “Customized Site Selection” feature is available at the nashvilleareainfo.com site where visitors can choose data to be included in a customized report that may be viewed online, printed for future reference and/or emailed in PDF format. Transportation information options include air cargo, highways, railways, waterways and distribution/warehouse facilities along with a number of other general demographic, economic and quality-of-life indicators, maps and archived media coverage.

When the **Nashville Airport Authority** wanted to streamline the region’s business promotion process, an Aviation Task Force took shape with participation from multiple agencies as appropriate – the Airport Authority, COC, Tennessee Economic Development Council, the Mayor’s Office, Hotel/Motel Association as well as representatives from the business community. While focusing on air service (passenger and cargo) leads, the Task Force has been successful in bringing other business to the city as well and coordinates closely with the COC – especially with large company prospects. The team approach offers multiple resources and touts the Nashville area’s pro-business perspective, good incentives, low cost of living, educational institutions and the strong work ethic of potential employees such as those from nearby Fort Campbell.

Published in 2003, Phase I of the **Nashville Area Metropolitan Planning Organization’s (NAMPO)** ongoing Regional Freight and Goods Movement Study established a freight advisory committee, accomplished an initial freight scan and identified quick-fix strategies that would demonstrate immediate results to the business community. Phase II (projected completion date 2009) builds on Phase I with needed “technical tools” to analyze and prioritize projects for the 2035 LRTP. The study’s executive summary addresses the use of “sustainable development methods” in the freight transport process.

The NAMPO research and planning process began with a public forum in 2003 for citizens, business and government officials followed by fax-back business surveys and interviews with target companies. Ultimately, study results will be delivered in community meetings to interested stakeholders. NAMPO’s goal is to showcase documented freight transportation capabilities that encourage logistics companies to relocate to Nashville and sustain competitive growth for the region over the long term.

III. SUMMARY OF INTERVIEWS

Comparative city contacts were keenly interested in the KCRFO and its results. A baseline for “awareness” has been established, as nearly all interviewees indicated that they:

- recognized KC SmartPort
- were familiar in general with the Region’s freight transportation capabilities
- viewed KC SmartPort as a competitor and/or potential collaborator

Therefore, the communication challenge will be to convey to target audiences Kansas City’s competitive advantages in freight.

As is often the case for business entities, most of the cities in this review employed multi-layered marketing and communication processes. A mix-and-match network of public-private organizations including COCs, MPOs, port authorities, economic development groups, special consortiums and private developers (among others) can all play a part in promoting regions as premier locations for freight-related business. Networks typically involve economic development connections at multiple levels – state, regional, county and city. Educational partnerships are especially valuable for workforce development and specialized programs, and cities take advantage of these educational connections in total marketing support.

For the most part, comparative cities use a mix of traditional communication channels in marketing to logistics prospects – newsletters, brochures, business development teams, etc. An elementary truism for all groups is that **one-on-one contacts and relationship building are paramount**. Marketing collateral is necessary but supplemental to personal connections. Most cities highlight the same type of information, e.g., market reach, direct rail service and interstate and highway accessibility. Some regions have discovered creative avenues such as summits and seminars that cement their “brand” as industry leaders and, in the process, serve as additional incentives for relocation decisions.

Inland port cities have all recognized the efficiency and effectiveness of the Web as central to their communication efforts. Driving traffic to Web sites has assumed a central position in the marketing mix as organizations scale back on more traditional prospect/client avenues of contact and take advantage of the Internet’s audience reach, versatility, visual appeal and economy. It is a direction in sync with an increasingly digital world, and successful businesses understand that their Web sites need to function essentially as another sales representative.

For economic development organizations, there really are few, if any, magical marketing bullets. The type of business development process required for major relocation decisions is relatively long-term and intensely relationship-oriented with concentrated client exposure over time, and profitable results are generally tied to multiple contacts

through a variety of personnel, channels and forums. Many regions are doing the right things and even the same things. It is ultimately a matter of execution – generating high quality leads and personal connections along with development and constant exposure of a strong, recognizable brand accompanied by continual reassessment and adjustment of what works best. Recommendations to address these concerns are included in the communications strategy section of this document.

Many cities clearly realize the benefits of actively promoting inland port status. The competitive landscape can only be expected to increase. Differentiation and competitive positioning will play an increasingly important role in attracting and retaining freight players in the Kansas City region.

IV. RECOMMENDATIONS FOR COMPETITIVE POSITIONING

The results of the KCRFO's competitive assessment comparing Kansas City to Columbus, Dallas, Indianapolis, and Nashville reveal that Kansas City has relative strengths in transportation costs, rail facilities, availability of labor and low cost of living. Yet interviews and independent research have confirmed that all cities are, to some degree, competing on the same variables: market reach/market coverage, direct rail service/rail facilities, highway accessibility, and low cost of doing business (whether shipment costs, labor, lease, tax, cost of living).

So, how can we compete? Cost advantage and differentiation have been described as the ultimate categories of competitive strength by Harvard Business School Professor Michael Porter, an authority on competitive strategy and international competitiveness. Porter's generic strategies delineate both type of advantage and industry scope (see table below).

Exhibit A. Porter's Generic Strategies

Target Scope	Advantage	
	<i>Low Cost</i>	<i>Product Uniqueness</i>
Broad (Industry Wide)	Cost leadership strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (Differentiation)

The KCRFO's findings on competitive factors (Exhibit B) and customers' criteria for selection (Exhibit C) help us determine a competitive strategy.

Exhibit B. "Results of Ranking Analysis"/Comparison of Competitive Factors

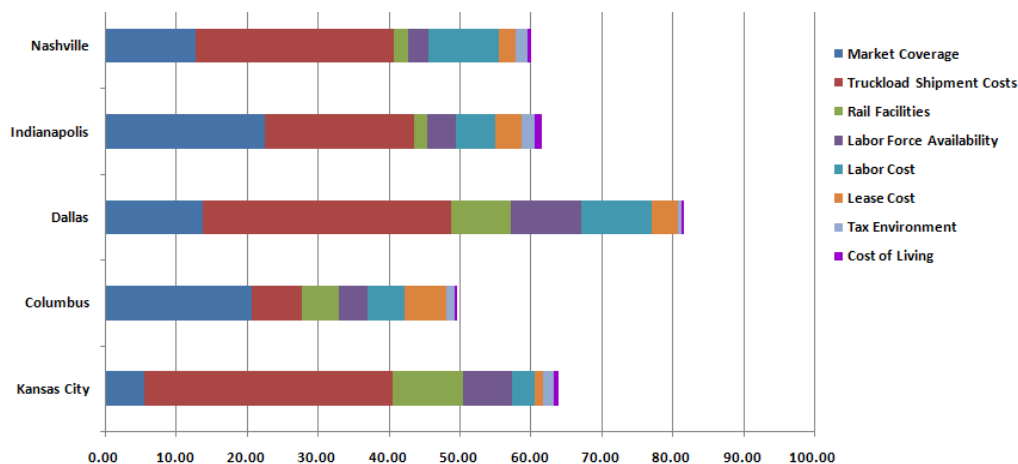


Exhibit C. Weighting of Evaluation Criteria

Criteria	Sub-Criteria	Criteria Weight	Sub-Category Weight
Market Coverage		25%	
	Local Market Coverage Population 2007		15.00%
	Local Market Coverage Population 2012		35.00%
	Percent Local Market Coverage Growth 2007-2012		5.00%
	Next-Day Market Coverage Population 2007		15.00%
	Next-Day Market Coverage Population 2012		35.00%
	Percent Next-Day Market Coverage Growth 2007-2012		5.00%
Truckload Shipment Costs		35%	
Access to Rail Service		10%	
	Number of Class I Railroads		40.00%
	Number of Intermodal Facilities		40.00%
	Access to Transcontinental or Major Intermodal Route		20.00%
Labor Availability		10%	
	Civilian Labor Force 2007		30.00%
	Civilian Labor Force 2012		50.00%
	Percent Civilian Labor Force Growth 2007-2012		20.00%
Labor Costs		10%	
	Warehouse Employees - Mean Wage per Hour		80.00%
	Right to Work State (Y/N)		10.00%
	Percent of population represented by Unions (2007)		10.00%
Lease Rates		6%	
Tax Environment		3%	
Cost of Living		1%	

Source: TranSystems

According to the KCRFO findings, Kansas City's greatest strengths are **low transportation costs** and **excellent rail facilities**. In fact, Kansas City outranks all the other cities in **truckload shipment costs**, which research revealed to be the most important criteria (35%) in the first phase of site selection. Economical shipment costs make Kansas City ideal for shipping less time-sensitive products and appealing to **non-consumer** and **assembly goods**. Kansas City has a strong position in the country as an **ideal location for attracting and developing freight-related businesses**.

Kansas City has a strong intermodal infrastructure that makes it a leading cargo center with four Class I Railroads maintaining facilities in the metro area. An emphasis on rail could also be seen as complimentary to the regional effort to promote more environmentally-friendly freight transportation, positioning it to meet future needs as well.

While Kansas City has the smallest market coverage of all the cities, the good news is that its market base is still growing steadily.

Strategic Positioning

Considering (a) the challenges of differentiation (b) Kansas City's low transportation costs and (c) Kansas City's attractiveness to freight-related businesses, a ***"low-cost focus strategy"*** is recommended for communicating strengths of the Kansas City area. With the KCRFO, leaders in the Kansas City freight sector can now better express the region's optimal criteria for freight-intensive businesses and those seeking inexpensive truckload shipment costs.

Messages outlined in this Communications Plan consider the need for spokespersons to address a variety of stakeholders who require multi-dimensional satisfactions on the spectrum of criteria (beyond cost or freight alone). Yet with this underlying strategy, Kansas City can leverage its strengths to position itself for superior results.

The KCRFO deals with the technical conditions for freight outlook based primarily on quantitative facts. It does not include an in-depth analysis of perceptions of Kansas City by prospects who are "outsiders." Opportunities exist to further analyze attitudes and perceptions of all transportation industry players, and freight-intensive businesses in particular. Tools such as perceptual maps that show decision makers' perceptions of each city could then further enhance understanding of competitive positioning opportunities for the Kansas City area.

IV. COMMUNICATION STRATEGIES

To meet strategic goals outlined in Section I of this document, the specific communication strategies below are recommended for KC SmartPort and MARC.

KC SmartPort

KC SmartPort has played a vital role in changing perceptions about Kansas City's viability as a world-class market. It should continue to focus on generating high quality leads and personal connections.

The communications strategies and tactics for further enhancing target audiences' understanding of Kansas City's freight capabilities include:

Strategy 1: Develop messages that incorporate KCRFO results and data.

Targeted messages can be found under "Section VI, Communication Messages" below.

Strategy 2: Promote Kansas City's inland port capabilities using the KCRFO data.

Tactic 2A: Expand KC SmartPort's circle of contacts.

- **Identify important non-transportation industries.** KC SmartPort can benefit from a higher profile beyond the transportation/logistics industry. As the field of influencers from other industries develops, the resulting exposure will build brand awareness, drive engagement and add value across the entire freight spectrum.
- **Increase categories of visitors.** Expand inbound visits from site selectors to other direct influencers such as major importers. Increasingly, company executives are involved in the entire relocation process, especially with an eye toward overall transportation costs. KC SmartPort investors will be a good resource in tagging specific companies for such visits, which will expose the city's easy and affordable quality of life.
- **Reach out to the development community.** Identify and market to those groups, such as architects and engineers, who are typically involved in "big box" retail/warehouse deals and represent developers.
- **Target logistics-sensitive manufacturers**, e.g., companies with products that are costly to transport and for whom shipping cost reductions translate to a real value proposition.

- **Reach out to peripheral companies, etc.** Put as diverse a face as possible on logistics to look beyond the traditional “box movers” to a variety of companies, for example, ones that develop the software that moves products.
- **Develop and highlight third party endorsements**, which can influence professionals in multiple industries. Use communication channels that reach this audience – trade publications, the media and online distribution.
- **Explore joint ventures:** Joint marketing ventures with international potential can be explored, e.g., in Asia to promote Lazaro Cardenas and other key geographic relationships.

Tactic 2B: Create ways to generate controlled exposure, such as special events.

An organization’s image is expanded and enriched with the exposure it receives. Hosting a special event not only supports a multi-dimensional marketing strategy, but also builds on KC SmartPort’s regional/national identity and reputation as an industry leader. Ideally, the event would be held on a recurrent basis to cement its association with the Kansas City Region. Such gatherings have proven to be highly effective in bringing together the right people, offering relevant information, sharing resources among provider groups and getting issues (particularly those related to critical and limited funding) in front of decision makers.

- **Co-sponsor a summit, seminar, workshop or conference.** Consider partnering with MARC and/or a major educational institution offering relevant curricula to host a logistics summit, financial seminar, transportation-related workshop or conference. Start small with a local/regional approach and, with a successful response, broaden the scope over time.
- **Engage high-profile speakers** from targeted industries at these events.
- **Structure content for multiple audiences** – business, academia, government and economic development groups. Reportedly, legislative contacts have been particularly swayed by “best practice” presentations at such forums – good success stories that are then translated into regional strategies.
- **Leverage auxiliary support materials** – like Logistics Directories – as profitable advertising vehicles to promote participating and sponsoring organizations.

Tactic 2C: Leverage the power of KCSMARTPORT.COM to further engage customers.

Continuing to drive traffic to the Web site should remain an integral strategy for KC SmartPort. With 30 percent of KCRFO survey respondents (the largest group overall) citing e-mail as the preferred method for receiving freight-related information, maximize the e-mail database at every customer touch point for newsletters, special updates, surveys, data collection, etc.

Encouraging higher levels of customer engagement in an easy, low-key environment will pay off in attracting new business, return traffic and those visitors who wish to bypass a sales contact but still want information. Introducing new tools engages visitors by making the site relevant and useful for them.

Some tactical recommendations for the Web site include:

- **A Web feature to generate customized reports** related to freight transportation information and issues
- **Simple logistics checklists (or score cards)** that allow businesses to rank themselves against industry standards (best practices) and tie the results to KC SmartPort's value and benefits such as, "Are you operating at the top of the logistics game? If not, here's how KC SmartPort can help you work toward a solution."
- **A drayage "calculator"**
- **The free Google analytics tool** to analyze site traffic. Visiting prospects (or their brokers) are tracked and contacted when terminology searches identify who visited, for how long and where on the site.
- **Testimonials and case studies**
- **Co-marketing via Web links** to both investors' and affiliated freight-related sites for increased exposure
- **Enhanced information about educational partnerships** – links to school sites, program descriptions, applications, etc. Become the premier site for workforce development in supply chain management.

Strategy 3: Use KCRFO to reinforce positive perceptions of Kansas City region.

Tactic 3A: Use KCRFO messages to tout KC SmartPort's ability in concrete terms.

- **Portray KC SmartPort as an “exceptional economic development engine.”**
Prospects can expect results not only from the area's distribution and supply chain system, but also from the Kansas City region. KC SmartPort supplies a continuum of information that is important in the logistics relocation decision cycle. This will require continued coordination with the Kansas City Area Development Council (KCADC) and other support organizations. Key organizational stakeholders understand that positioning KC SmartPort as top-of-mind with target groups is closely aligned with promoting the city itself.
- **Evaluate brand management alternatives.** As the KCRFO and other initiatives reach completion (e.g., the Trade Data Exchange, development of logistics hubs), consider a “reaffirmation of the total brand package” to ensure the brand responds to new information about competitive positioning.
 - **Consider developing a comprehensive brand-building approach** going forward. (How will KC SmartPort's relationships evolve to coordinate with new messages? Will the current brand strategy meet those needs? How will KC Smart Port deal with spin-off entities -- i.e., house of brands vs. branded house?)
 - **Consider executing a customer survey** to determine core values/key associations that set Kansas City apart from its competitors. Seek out behavioral insights for freight-intensive prospects in particular.

Tactic 3B: Employ a cross-channel campaign strategy .

The KC RFO results and the exceptional effort that it represents can be optimized with cross-channel strategies (i.e., same message, same campaign) particularly in trade publications, the media and online, but also in marketing collateral and presentation forums as appropriate – everywhere at every opportunity. The 2008 Fourth Quarter *Journal of Commerce* article, “The Kansas City Advantage,” was the type of industry showcase that is excellent for such communications.

Tactic 3C: Update Marketing Collateral to coordinate with Marketing Messages.

- **Continue to develop materials with highly personalized messages** for top prospects, customized with content from the “Communications Messages” section. Focus on content that helps build relationships rather than presenting

sales information. For example, “America’s Inland Port Solution” is a great segue to customer-centered content. Stress benefits to the customer. This seems obvious, but is often overlooked.

- **Set aside time to establish quality control measures** to ensure promotional packets are updated with KCRFO and other current data. Group information by audience segments/stakeholders for easy reference. Include, for example, a single piece enumerating key facts – “most underground warehouse space,” “largest FTZ area,” etc., for each target audience.
- **As possible and appropriate, include “green” support information** similar to that highlighted in the November 2008 *Journal of Commerce* article on KC SmartPort (“The Kansas City Advantage”). The business community increasingly stresses environmental responsibility and, while almost a cliché at times, authentic environmental efforts demonstrate a dedication to sustainability that will only add to KC SmartPort’s total image as an industry leader. This will coincide with initiatives from its investor groups, the MARC and the bi-state cities, among others.
- **Build a reference library of competitors’ materials** for ongoing comparison of KC SmartPort’s promotional items and for spotting emerging communication trends.
- **Create some strategic branded gifts.** If not currently available, develop one or two useful KC SmartPort-branded gifts and/or Kansas City-unique products to present to prospects.

Strategy 4: Tie specific performance measures to indicators such as general awareness, strength of brand and feedback on site selection.

Tactic 4A: Assess external perceptions of KC SmartPort.

- **Analyze prospect values.** Understanding prospects and knowing how they perceive and value the KC SmartPort brand leads directly to delivering powerful communication that connects with them. Key components in assessing external perceptions of KC SmartPort and its marketing effectiveness include targeted goals, tracking results and adjusting strategies as necessary.
- **Analyze specific relocation decisions.** To gain robust customer insights, engage in a structured, ongoing analysis of why Kansas City is both chosen and by-

passed in the relocation process as well as what contributed to those decisions. This will help to prioritize attention and resources.

- **Hold an evaluation exercise.** Define what measures for the suggested alternatives below are achievable and realistic.

Tactic 4B: Create KC SmartPort success indicators as tactics are chosen and implemented.

Indicators could include:

- Continue to collect data, statistics and impressions at every touch point to facilitate planning.
- Establish a process for regular interaction and feedback beyond regional studies and annual meetings. Urge customers to talk. For example, intermittently e-mail surveys to key customers and prospects such as site selectors, supply chain managers, 3PLs and other prospects. Invite comments about the Web site and various programs. Tie responses to special incentives.
- Whenever possible, use special phone numbers or promotion codes for direct mail and other initiatives to constantly evaluate campaigns and messages.
- Consider marketing indicators such as media coverage, Web site visitors and number of in-bound tours as a way to measure effectiveness of outreach and messages.

MARC

MARC offers many information resources and opportunities for audience engagement – through the Web, active outreach and easy access to transportation-related publications. However, based on feedback from the Study Advisory Committee and focus groups, stakeholders will welcome increased exposure to regional freight-transportation issues, data and plans. As logistics-related development continues to make its way to the suburbs, elected officials and government staff understand the need to educate themselves and to address the general public’s attitudes (and fear of the unknown) with more exposure to support information.

Another consistent message from audiences was that bi-state communication and coordination could be improved; the general perception is that there is more competition versus cooperation. Stakeholders expressed the need for an ongoing regional council, committee, etc., where mayors and city council members could meet and build consensus around freight transportation issues.

COMMUNICATIONS

- Increase elected officials’ and government staffs’ general knowledge about freight transportation planning and its significance to overall quality of life and the regional economy. Current KCRFO results will reinforce the process with the most up-to-date-information.
- Leverage effective communication channels that are currently in place and working well. Elected officials and government staff especially noted Transportation Matters – MARC’s monthly e-newsletter covering general transportation plans and projects – as a familiar and important source of transportation-related information.

COMMITTEES

- Promote awareness of and participation in the existing Goods Movement Committee – a MARC planning committee that meets as required – to mayors, city council members and other relevant audiences. The established goal of the committee is to integrate freight transportation issues with the total metropolitan transportation planning perspective and process. Target audiences include general public, MoDOT, KDOT, KC SmartPort, cities, counties and the City Aviation Department.

V. MESSAGE DEVELOPMENT

For the KCRFO, message development is a combination of feedback from the Study Advisory Committee meetings, the business survey, focus groups and the KC SmartPort annual investors' planning session as well as technical data compilation and general research.

Messages are presented for the KCRFO's primary targets: private business leaders, elected officials and influencers of public opinion. Some common themes or messages emerge that are relevant for all three groups while other themes or messages apply to a particular audience. In addition, some messages are directly associated with freight while others are more general in nature—with an indirect effect upon freight transportation.

Key messages can be used to present and emphasize freight transportation issues with target audiences and may be adapted when developing information for other channels of communication. Data points should be continually reviewed and updated as appropriate so that core messages remain current.

VI. COMMUNICATION MESSAGES

Overarching Messages – Apply to All Audiences

Critical findings:

- **Kansas City's greatest strengths** are **low transportation costs** and **excellent rail facilities**.
 - Kansas City **outranks all the other cities in truckload shipment costs**, which research revealed to be the most important criteria in the first phase of site selection. Economical shipment costs make Kansas City ideal for shipping less time-sensitive products and appealing to non-consumer and assembly goods (freight-intensive businesses).
 - Kansas City has a strong **intermodal infrastructure** that makes it a leading cargo center with four Class I Railroads maintaining facilities in the metro area. An emphasis on rail could also be seen as complimentary to the regional effort to promote more environmentally-friendly freight transportation, positioning it to meet future needs as well.
 - Kansas City's **rail system consists of** four Class I Railroads and several regional or shortline carriers. The extensive rail network throughout the region serves local industry, major intermodal yards and provides connection to international markets.

Other important findings:

- Kansas City has a **strong position** in the country as an ideal **location** for attracting and developing freight-related businesses.
- Kansas City's **market base is growing steadily**.
- Kansas City has a **vast transportation network** encompassing highways, railroads, airports and the Missouri River system.

About the KC RFO

- The original 1995 study's projections for intermodal rail traffic were right on, and set the standards.
- The KCRFO gives a clear view to stakeholders of what can be expected.

Private Business Leaders

In general, private business leaders want to understand the status of the region's freight system today and how it will improve – the availability of land, adequate infrastructure and support from regional agencies. Key customers such as importers, shippers, regional manufacturers and agricultural interests profit from Kansas City's intermodal transportation network. These businesses depend on the system to obtain needed materials, to transport goods to market and to connect with the labor force. Commercial customers interpret and measure the success of the network in terms of how it will grow in relation to historical trends and how it will benefit their enterprise over time.

It is important for private business leaders to understand:

- **Pro-business** regional environment
- Kansas City-specific freight development **growth, advantages** and **trends**
- **Freight flows** and impacts on infrastructure
- Available **access** to **services, sites** and **labor**
- Political environment for **infrastructure investments**
- **Congestion, safety, environmental** efficiencies

Some key messages include:

Pro-business

- Kansas City fosters a pro-business environment. The political climate here is to grow freight with strong support and collaborative leadership from KC SmartPort, MARC, MoDOT, KDOT, and the KCADC.
- KC SmartPort is the region's dedicated, economic development driver providing creative "Inland Port Solutions" for the logistics industry.
- The region has an active, developing vision. Long-term transportation goals are in place, looking ahead as many as 20 years in the future.
- Guided by a leading national transportation consultant, the KCRFO's updated and substantial documentation sets Kansas City apart in the marketplace and confirms the area as a major freight transportation hub.
- The message that Kansas City is an effective logistics center and the area is good for business in general should resonate with manufacturing companies in particular – a target group that significantly affects the economy and keeps inventory in state.

- As outsourcing increasingly makes economic sense for the market, the number of 3PLs companies can be expected to expand.
- The region aims to put a diverse face on logistics to look beyond the traditional “box movers” to companies, for example, that develop the software that moves products.
- Quality of life indicators support business relocation decisions with a favorable cost of living reflected in the low cost of housing in particular.
- According to the Bureau of Labor and Statistics, nearly 14% of Kansas City’s labor force works in production, transportation and material moving occupations.

Growth/Advantages/Trends

- Kansas City’s central Midwest location offers superior transportation connectivity to major metropolitan markets and access to transcontinental routes.
- Kansas City provides an excellent overall transportation cost profile.
- Central location with low overall travel distances further contribute to competitive shipping costs.
 - For logistics-sensitive manufacturers (i.e., companies with products that are costly to transport, shipping cost reductions translate to a real value proposition).
 - For companies whose shipments are less time-sensitive and/or require a central assembly point, Kansas City also is an ideal location.

Freight Flows

Freight flow data:

Dominant mode

- The region’s dominant mode of estimated regional freight is domestic truck freight, measured by both tons and value. Rail is currently the second most used freight mode, measured by both tons and value.

Categories of goods moved

- Higher value/processed commodities are projected to increase their share of total tonnage for the 20 year forecast period.

Freight tonnage moved

- In 2007, the study region handled an estimated 246 million short tons of truck and rail freight with an estimated total value of \$821 billion.

Strategic implications for the region regarding freight tonnage

- An investment in the maintenance and expansion of the region's **freight handling infrastructure** is required to maintain a leadership position.
- Many shippers are interested in locating near intermodal rail and highway facilities with good access to a regional market, and this should support growth of cargo traffic in the Kansas City region. These factors also point to the importance of investment in the region's rail and highway infrastructure.
- Trade projections indicate facilities, services, technologies and security should be developed to **support international trade flows**.
- Kansas City is well-suited for **component assembly** and **light assembly** in the **automotive, aircraft and agricultural machinery manufacturing sectors** based on near sourcing raw material and easy access to component parts via rail connection to Northern Mexico.
- As many companies deal with increased costs for labor, transportation and raw materials in sourcing from Asia and other more distant locations, **near sourcing has become a more strategic and cost effective option** for high value manufactured goods.
- Investment in facilities and services that serve the growing higher-value/processed commodity sectors. To attract this sector, leverage the region's experienced and cost-competitive labor force and low building costs.
- Potential future modal could **shift from truck to rail** due to long-term increases in energy costs, highway congestion and other factors. This could result in faster growth of regional rail freight than projected and support investment in rail related infrastructure.

Access/Services/Sites/Labor

- For economic development, strong transportation networks, multi-modal capabilities (particularly as fuel price instability supports a shift from truck to rail) and good basic infrastructure are key to supporting business and job growth.

- Accessible Interstate Highways (I-70, I-35, I-29)
 - Links to Interstate Highways (I-435, I-635, I-470, I-670)
 - Direct access to four Class I Railroads
 - Proximity to the largest navigable inland waterway (Missouri/Mississippi River System)
 - Air cargo capabilities: more air cargo is moved annually through Kansas City International Airport than through any other air center in a six-state region
- Accessible interstate and highway roads make travel easy relative to many other large cities and facilitate reasonable employee travel times. Workers can reach most places in the metro area within 30 minutes. As fuel prices fluctuate, companies increasingly will consider the effects of transportation costs on their workforce.
 - The Region boasts the most underground warehouse space in U.S.
 - As compared to other cities where respondents (or their competitors) have sites, 2008 business survey data rated Kansas City's underground storage and access to high quality rail service and truckload service as the region's top strengths.
 - Inland distribution/logistics centers are growing. For industrial site locations, land is available as well as a variety of real estate options.

Logistics Park Kansas City – Gardner

- 600-acre logistics park
- 7 million square feet of vertical development
- Adjacent to BNSF 400-acre intermodal site
- Future Foreign Trade Zone

CenterPoint KCS Intermodal Center – Richards-Gebauer

- 370-acre intermodal facility
- 970-acre industrial park
- 7 million square feet of warehousing
- Kansas City Southern main-line track borders

KCI Intermodal Business Center

- Intermodal facility and industrial park
- Inland port with multiple transport nodes – air cargo and truck
- Businesses on airport with good interstate access
- Foreign Trade Zone – Customs staff on site
- Missouri quality jobs program (tax credits and training)

- Kansas City offers a ready pool of skilled and unskilled labor.
 - Current available civilian labor force topping one million workers.
- Educational and training support from area community colleges and universities is a definite advantage for companies considering relocation to the Kansas City Region.

Metropolitan Community College
Johnson County Community College
University of Kansas
Kansas State University
University of Central Missouri
Missouri State University

Infrastructure Investments

- Infrastructure capacity in general is important especially for industries with heavy products. Chicago's "excess," for example, could be a boon for Kansas City's business and encourage companies to use Kansas City instead.
- We must invest in infrastructure to continue at the current operational level.
- While some progress has been made regarding deferred maintenance, more action is needed.
- According to the Kansas City Metropolitan Region Transportation Improvement Program (TIP) 2008-2012, the projects needed could total over \$1 billion in investment for freight mobility.
- Based on studies conducted by the Texas Transportation Institute, Kansas City's infrastructure has been able to support growth in the region. The city has experienced almost no deterioration in travel time conditions and the region's congestion levels have remained some of the lowest in the nation.
- The vast majority (70%) of truck travel is on the region's national corridors of freight significance. Our region's national corridors of freight significance represent only 1/3 of our highway mileage but see over 2/3 of the region's truck travel.

Congestion/Safety/Environmental

- The region offers relatively low highway congestion that improves travel reliability, inventories and just-in-time manufacturing processes.

- Positive Travel Time Index
- Favorable Annual Hours of Delay per Traveler – measures deterioration of travel conditions
- Emissions/environmental impacts
 - Kansas City's freight sector is working toward solutions that will benefit the environment *and* companies' bottom lines.
 - Benefits to companies of participating in government-sponsored environmental programs (such as the EPA's SmartWay Transport program) could include:
 - saving money
 - reducing fuel consumption
 - being recognized for social responsibility and sustainability practices
 - Voluntary and collaborative environmental efforts are encouraged, particularly regarding:
 - Land use and freight development
 - Idling compliance
 - Truck size and weight requirements
 - The KCRFO cited an EPA study that revealed:
 - Passenger vehicles—such as automobiles, SUVs, and motorcycles—account for more than half (62 percent) of total transportation emissions.
 - Heavy-duty vehicles, which include trucks and buses, were responsible for 19 percent of total transportation emissions.
 - Other non-road sources include boats and ships (3 percent), rail (2 percent), and pipelines (2 percent).
 - Aircraft accounted for 9 percent of all transportation emissions.

Government/Elected Officials

Communicating the importance of freight transportation to Kansas City is a key goal for government and elected officials at the local, state and federal levels. Support from political leaders is critical because this group can influence and help the freight development process by bolstering appropriate policy objectives and facilitating investment and funding for the transportation system.

The extensively documented data of the KCRFO becomes a tool to inform local governments, elected officials and their support staff about freight-related development: where it is going; how to prepare for it; how to support it. For this reason, many of the communication points outlined for private business leaders are an important resource for this target audience as well. Inevitably, KCRFO results can be expected to influence the “political will” of local communities through increased understanding and awareness of public officials.

It is important for government to understand:

- Economic **impacts** and **benefits** of freight
- **Efficiencies** of modes
- **Freight flows**
- Relevant **policy/funding** objectives
- Public/stakeholder **education**
- **Congestion, safety, environmental** efficiencies

Some key messages include:

Impacts/Benefits

- The value of freight mobility to the regional economy cannot be underestimated.
- The value of goods shipped from our region equals 59% of the Gross Metro Product (GMP). The value of goods shipped to our region equals 41% of the GMP. These values show that the regional economy is highly integrated into the transportation and logistics sectors.
- According to the Bureau of Labor and Statistics, nearly 14% of Kansas City’s labor force works in production, transportation and material moving occupations.

Freight Flows

Freight flow data:

Dominant mode

- The region's dominant mode of estimated regional freight is domestic truck freight, measured by both tons and value. Rail is currently the second most used freight mode, measured by both tons and value.

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- Trade projections indicate facilities, services, technologies and security should be developed to **support international trade flows**.
- Kansas City is well-suited for **component assembly** and **light assembly** in the **automotive, aircraft and agricultural machinery manufacturing sectors** based on near sourcing raw material and easy access to component parts via rail connection to Northern Mexico.
- As many companies deal with increased costs for labor, transportation and raw materials in sourcing from Asia and other more distant locations, **near sourcing has become a more strategic and cost effective option** for high value manufactured goods.
- Investment in facilities and services that serve the growing higher-value/processed commodity sectors. To attract this sector, leverage the region's experienced and cost-competitive labor force and low building costs.

- Potential future modal could **shift from truck to rail** due to long-term increases in energy costs, highway congestion and other factors. This could result in faster growth of regional rail freight than projected and support investment in rail related infrastructure.

Policy/Funding

- Public-private partnerships are needed to construct freight system improvements.
- A true regional approach requires cross-jurisdictional planning – collusion vs. competition.
- Planning, zoning and site design strategies are critical to better manage freight activity.
- A key economic development tool includes the elimination of impediments to freight mobility.
- For freight-related business and industries to be successful, it is important to address:
 - Tax policies such as tax abatements and favorable taxation on some capital equipment (e.g., accelerated depreciation);
 - Trade policies that promote free trade agreements vs. protectionist policies;
 - The costs of job creation (e.g., workers' compensation issues);
 - The promotion of sector employment along with workforce vocational and training programs; and
 - Utility costs and capacity since manufacturing processes tend to be energy-intensive.
- A strong manufacturing presence is an essential foundation for the regional economy.
 - Manufacturers export goods from the home region and import the dollars from sales.
 - Manufacturing jobs offer above-average compensation and benefits.
 - Manufacturers create spin-off jobs for supplier firms – retail, marketing, service-sector, not-for-profit.

- It is important to understand freight-related issues in terms of funding allocation priorities.
- The support of capital projects that improve access and mobility to industrial and commercial lands is essential.
- Private sector money readily follows public dollars when road and rail development are located in the right areas.
- Fostering economic incentives will effect business attraction and retention (e.g., workforce education grants, business relocation funds).
- Job creation should be prioritized when evaluating which projects to fund.

Education

- The “not in my backyard” factor can be counterbalanced with support of long range planning that balances community needs and neighborhood livability with the movement of goods.
- The general public needs to understand how consumer goods get to grocery and retail shelves.
- The general public often misunderstands the benefits of logistics sector careers and their strong earnings potential.
- The general public wants to know what is being done to limit environmental impacts.
- Government staff need and want to be better informed about funding issues.

Congestion/Safety/Environmental

- The region offers relatively low highway congestion that improves travel reliability, inventories and just-in-time manufacturing processes.
 - Positive Travel Time Index
 - Favorable Annual Hours of Delay per Traveler – measures deterioration of travel conditions
- The environmental impacts of freight transportation can be managed.

Influencers of Public Opinion

Support from the public is critical to successful freight planning as too often residents have some limited understanding of freight needs but not freight flow and its economic benefits. While the freight industry has a history of making positive contributions to the economic well-being of the community, the general public typically does not tie those benefits to freight trends and logistics processes.

It is important that the general public understand:

- **Connection** between supply chain and public consumption
- **Advantages** of proximity to freight development
- **Freight flows** for all modes of transportation
- **Impact** of freight on the public infrastructure
- **Congestion, safety, environmental** efficiencies

Some key messages include:

Connection to Supply Chain

- Lower transportation costs are directly connected to lower costs for the domestic and imported items that residents purchase and consume.
- Intermodal is key in moving goods. If everything were moved only by truck transport, the cost of goods would be higher.
- Freight transportation problems are connected to consumer decisions about which products to purchase. The boom in farmers' markets and organic foods around the country has been a successful result of the "buy local" mentality.

Advantages

- The freight industry is valuable to the general public, bringing economic development dollars to the region, creating jobs, decreasing the costs of goods and reducing taxes.
- Translating truck traffic into a "goods-moving" warehouse that transports products to consumers on a timely basis is a meaningful metaphor that can impact public perceptions and freight tolerance.
- The closer an intermodal facility is to point-of-sale destinations, then the cheaper the goods.

- Advanced manufacturing and supply chain management employment offers interesting, skilled jobs of the future with strong earnings potential.
- Freight development brings jobs with special workforce requirements that in turn create other jobs (e.g., supply chain training and educational programs).

Freight Flows

Dominant mode

- The region's dominant mode of estimated regional freight is domestic truck freight, measured by both tons and value. Rail is currently the second most used freight mode, measured by both tons and value.

Categories of goods moved

- Higher value/processed commodities are projected to increase their share of total tonnage for the 20 year forecast period.

Freight tonnage moved

- In 2007, the study region handled an estimated 246 million short tons of truck and rail freight with an estimated total value of \$821 billion.

Projections

- We could foresee potential future modal **shifts from truck to rail** due to long-term increases in energy costs, highway congestion and other factors. This could result in faster growth of regional rail freight than projected and support investment in rail related infrastructure.

Impact on Infrastructure

- Highway maintenance may be inconvenient and a nuisance, but it is critical for safety and cost control. Poorly maintained roads increase truck transport costs that inevitably are passed on to the consumer.

Congestion/Safety/Environmental

- A carefully planned and efficient freight sector can affect many variables – mobility, congestion, vehicle emissions and security.
- Truckers are active “watch dogs” for the nation's highways – monitoring and reporting security concerns.

- The General Public reacts negatively to transportation-related noise and needs to understand the trade-offs between acceptable levels of intermittent interference and annoyance with what is being done to lessen noise levels.
- The environmental impacts of freight transportation can be managed.
- Kansas City's strength in rail transportation is complimentary to the regional effort to promote more environmentally-friendly freight transportation, and positions Kansas City to meet future needs.