

SAVE TIME, RESOURCES, AND MONEY

How Rail Can Boost Your Bottom Line





“Which shipping options are best?”

That’s the most common question we get at Moran Logistics. And the answer is: The best shipping options are the ones that get your raw materials to their destination or finished goods to the customer – on time and on (or under) budget. That’s a simple answer, but making it happen is not simple. In fact, it’s an ongoing, everchanging, multi-faceted strategy that has serious bottom line implications for any business. At Moran, our underlying shipping strategy is to utilize the most efficient, most reliable, and least expensive transport methods whenever possible. And one method in particular – under the right circumstances – provides a serious competitive advantage: rail.

Shipping Options

Every shipping option, including rail, truck, ship, and multimodal, has pros and cons – and often supplement each other. Trucking, for example, excels with small volumes and fast deliveries. Goods from China, on the other hand, usually require container shipping. Rail is often used before or after to maximize efficiency. For example, at ports, containers are often transported from ships onto trains or trucks. Another common shipping combination is to mix long-haul rail and short-haul trucking. This method saves money because every railcar equals about three truckloads, which takes expensive trucks, trailers, and drivers off the road for the long-haul portion. There are many possible shipping combinations, but rail is often central. Why?

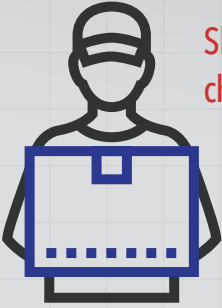
According to the U.S. Department of Transportation’s Federal Railroad Administration, “Almost anything can be shipped by rail. Since each person in the U.S. requires the movement of approximately 40 tons of freight every year, many of the goods people use daily are either wholly shipped or contain components shipped by rail. Of rail freight, 91 percent are bulk commodities, such as agriculture and energy products, automobiles and components,

construction materials, chemicals, coal, equipment, food, metals, minerals, and paper and pulp. The remaining 9 percent is intermodal traffic which generally consists of consumer goods and other miscellaneous products.”

The Railroad Administration also reports that “Rail is efficient at moving heavy freight over long distances, as are water and pipeline freight services. Trucks excel in providing time-sensitive delivery services for high-value goods being transported over medium- and short-haul distances. Raw materials and heavy freight going long distances are likely to continue their journey by rail, or some combination of truck, rail, and water. With the future growth in freight, it is anticipated that freight rail will continue to make investments in the capacity required to move heavy and long-distance shipments.”

Many factors go into determining which shipping method or methods to use: origin and destination, scheduling, volume, and special needs such as refrigeration or oversize shipments. There are, however, certain circumstances that simply call for rail.

RAIL IS RIGHT FOR:

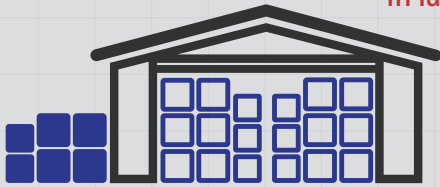


Shippers who control their supply chain and items being shipped

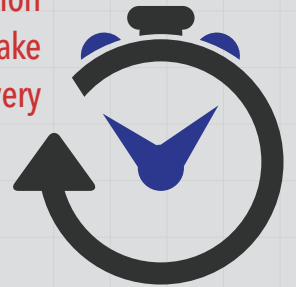
Travel distances over 500 miles



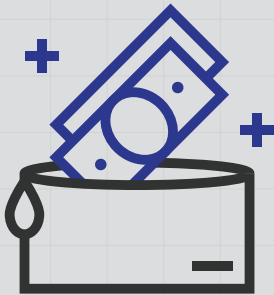
Companies that produce items in large quantities



Companies that want to position their inventory in bulk to take advantage of just-in-time delivery



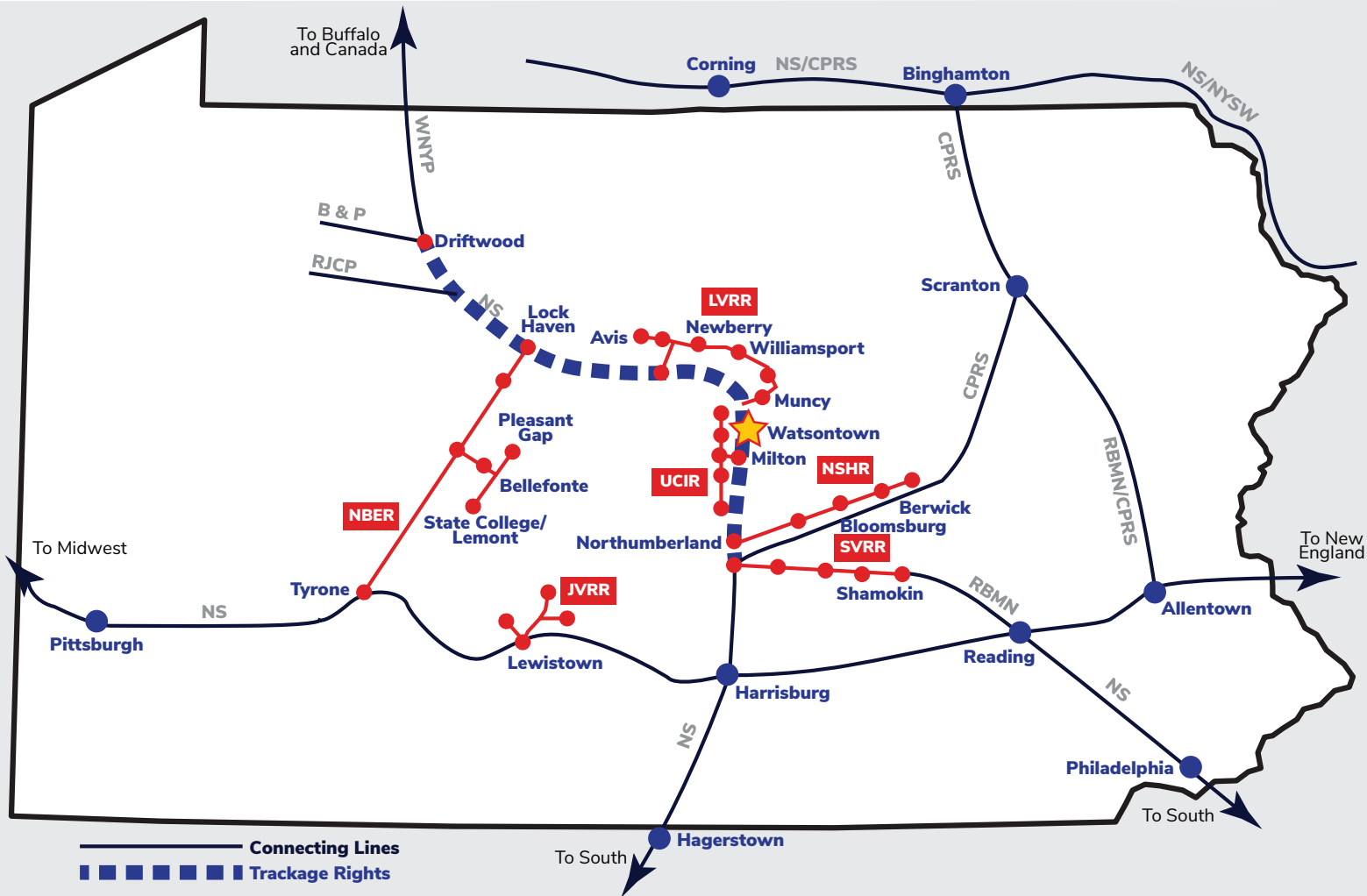
Companies that need cheaper shipping options than trucking and intermodal



Companies with environmental concerns.
(One gallon of diesel fuel moves one ton of freight 500 miles.)



In the situations outlined above, rail is an efficient system that saves time, resources, and money. But not all logistics providers are positioned to take full advantage of rail. Let's see why.



Watsonstown, PA: A Logistics Hub Uniquely Suited for Rail.

As we've learned, using rail as part of your overall shipping strategy is often a very smart business decision. And while most logistics providers offer rail options, you'll soon discover that not all providers are strategically located to take full advantage of its benefits.

Moran Logistics is headquartered in Watsonstown, PA, about five nautical miles from the local rail yard. That proximity means incredibly quick service. Additionally, we are located on the Norfolk Southern main line – a Class 1 railroad. This direct access saves our customers a substantial amount of time and money.

This part of northcentral PA is loaded with rail infrastructure – and opportunities. Norfolk Southern Railway serves every major container port in the eastern United States and provides numerous connections to other rail carriers. Canadian Pacific Railway offers

transportation services and supply chain expertise with access to major ports and key markets. And short-line railroads, like the Lycoming Valley Railroad and North Shore Railroad, serve various commercial needs, such as industrial parks and the Marcellus Shale gas industry.

Additionally, from Watsonstown, you can go anywhere – literally. It is located at the nexus of major highways and enjoys proximity to vital cities, ports, and transportation hubs. From Watsonstown, you can reach 60% of the population of North America within eight hours. That means products get to people faster and go to market sooner. The major shipping ports of New York, Philadelphia, and Baltimore are only a few hours away. This makes for convenient and expedited importing/exporting and growth opportunities in emerging markets like India and China.



Moran's Rail Capabilities.

We've covered the importance of rail and choosing a logistics partner that is situated to take full advantage of its many benefits. There are more considerations: infrastructure and expertise.

Other than its strategic location in Watson, Moran leads the way in rail for these reasons:

- Moran has northcentral PA's largest and most modern indoor rail service. (Indoor rail service protects the goods from inclement weather.)
- Moran has multiple options for different types of rail cars, from standard length and high cube box cars, flat beds, a-frames, bulk hoppers, and tankers
- Moran has access to multiple rail spurs at their various properties
- Moran has the ability to store cars if needed

The Future of Rail

Looking forward, the Federal Railroad Administration offers the following insight from the FRA website and other sources:

- "Forecasts suggest that the U.S. is becoming a more urbanized country and urbanized areas will increasingly converge into larger networks of metropolitan areas called megaregions as the population continues to grow. It is forecast that by 2050, 75 percent of U.S. inhabitants will live in these areas and 80 percent of population growth will occur there. As a result, more passenger and

freight traffic will move into these regions, and traffic congestion and loss of productivity, as well as their related effects, will diminish the quality of life in and around megaregions."

- "Rail transportation investments provided by public-private partnerships are an effective way to meet future transportation challenges while at the same time providing significant public benefits such as reductions in road congestion, highway fatalities, fuel consumption and greenhouse gases, logistics costs, and public infrastructure maintenance costs. In these situations, public and private dollars pay for their respective portion of the benefits they receive from an infrastructure project."
- "The freight railroads in the U.S. are poised to meet these challenges by offering multiple transportation solutions in a constant effort to meet customer needs. One such solution is intermodal transportation which allows for containers containing all types of goods to be placed on rail and moved across the country to facilities where they are transferred to other forms of transportation to their final destination. The efficiencies gained from intermodal transportation are even greater with the emergence of double-stacked containers on railcars. With improvements in service and facilities, rail intermodal will become more competitive and absorb the projected increases in freight movement caused by population growth and the growth of the intermodal movement of goods into the future."



Moran Logistics is an asset-based 3PL located just minutes from PA's major highways. With over 40 years' experience, we're in business for your business. Learn more about our "Whatever It Takes" philosophy and value-added services.

