

Tracking the Trucking Industry... 2004 and Beyond

Presented by
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American Transportation Research Institute

March 4, 2005



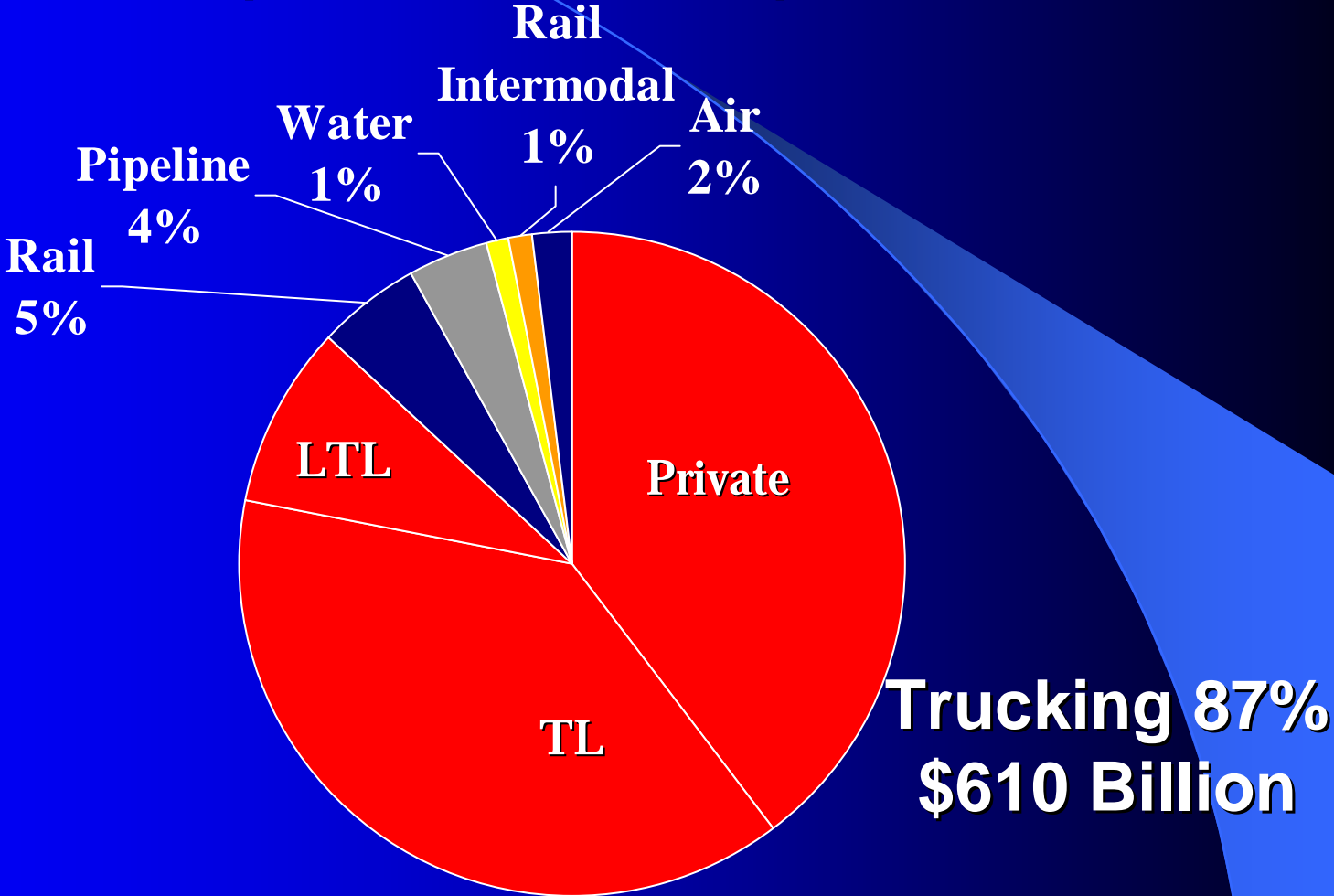
Presentation Outline

1. General Economics
2. Trucking Economics
3. Freight Comparisons
4. Strategic Issues
5. ATRI Research Overview

Today's Trucking Economics...

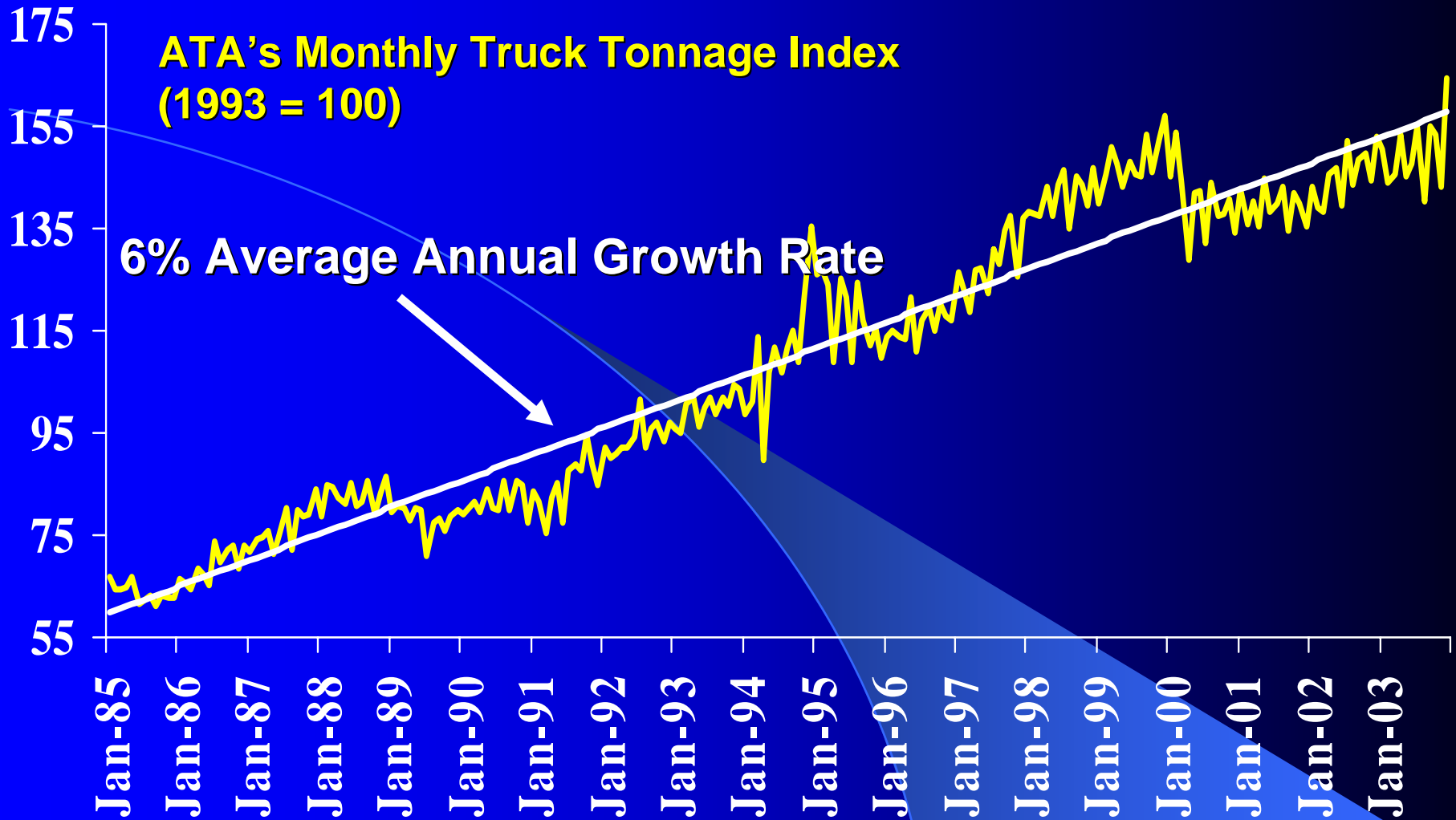
Truck Freight Volumes

Freight Transportation Modal Share (2003 Revenue)



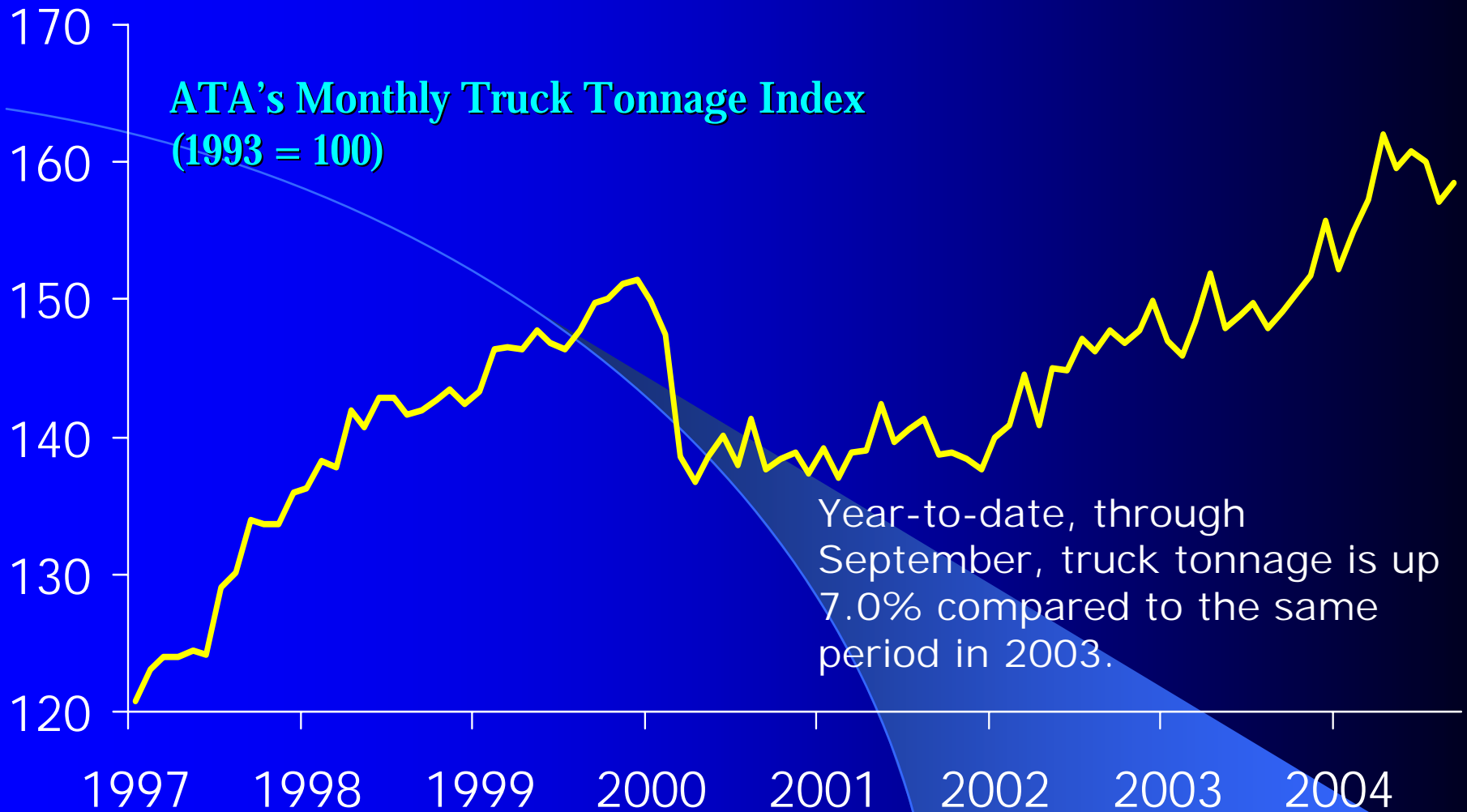
Source: *U.S. Freight Transportation Forecast... To 2015*
American Trucking Associations, 2004

Trucking's Progress Since 1985



Source: American Trucking Associations

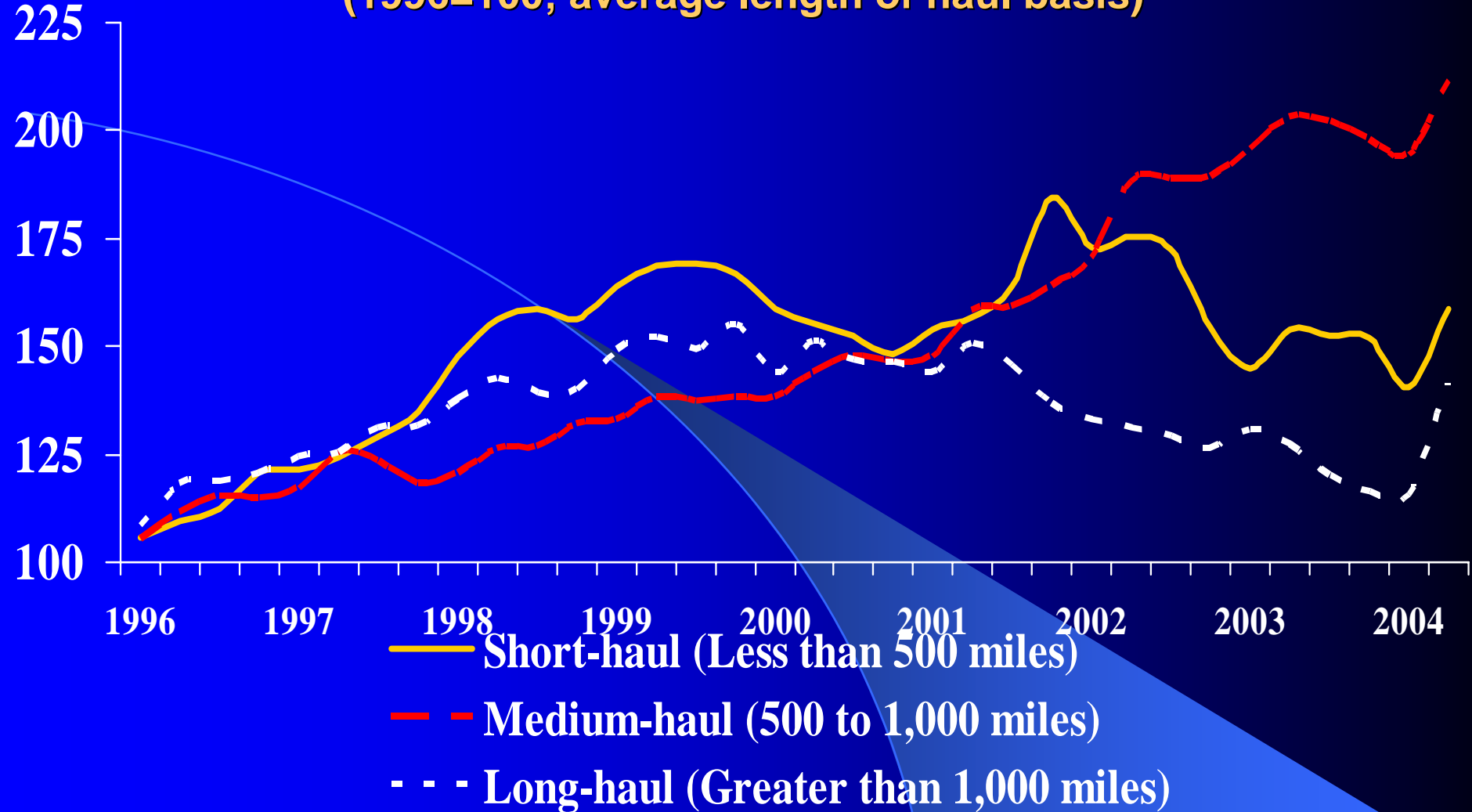
ATA's Monthly Truck Tonnage Index 1993=100



Source: American Trucking Associations

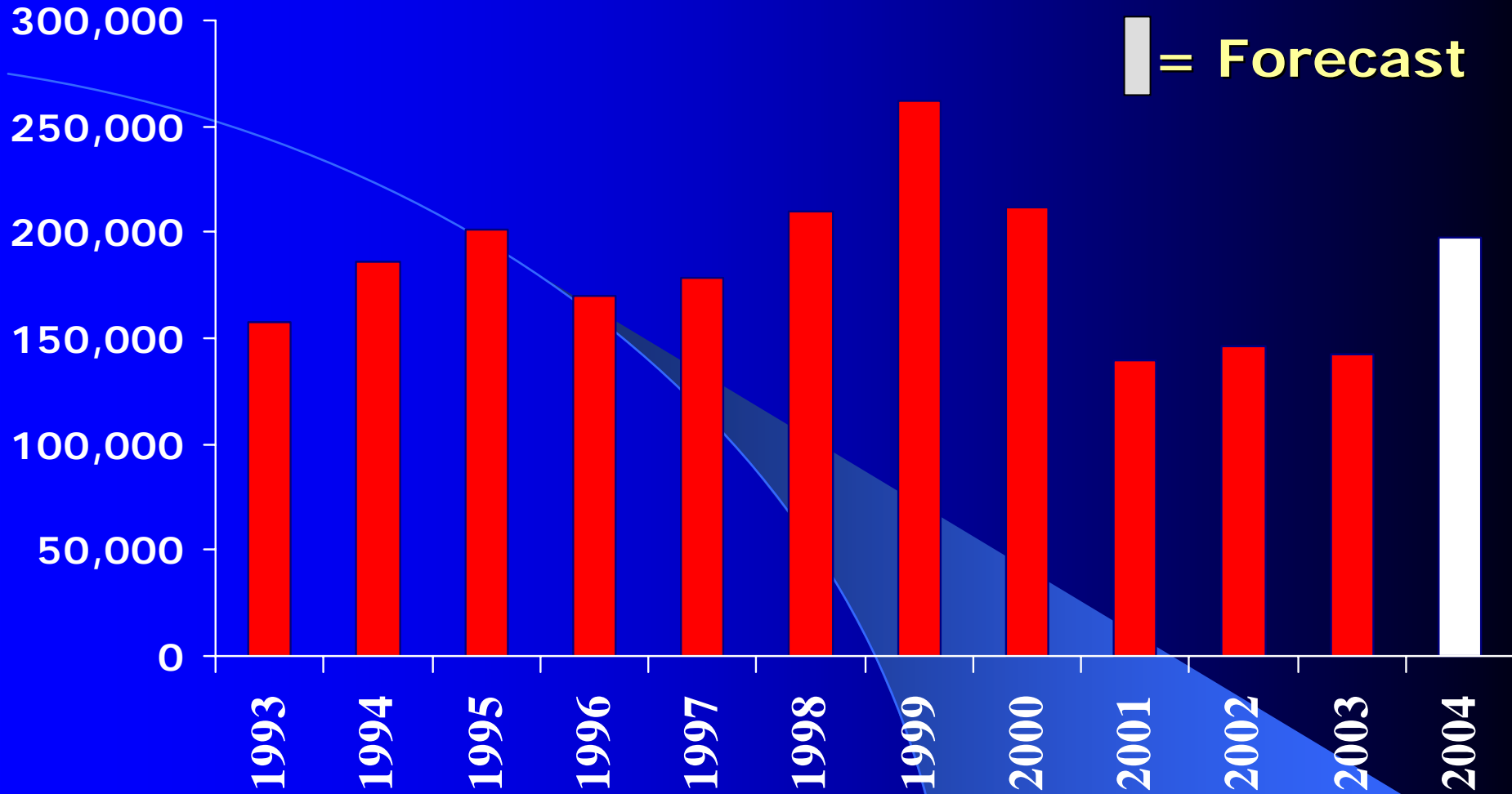
Truckload Loads

(1996=100; average length of haul basis)



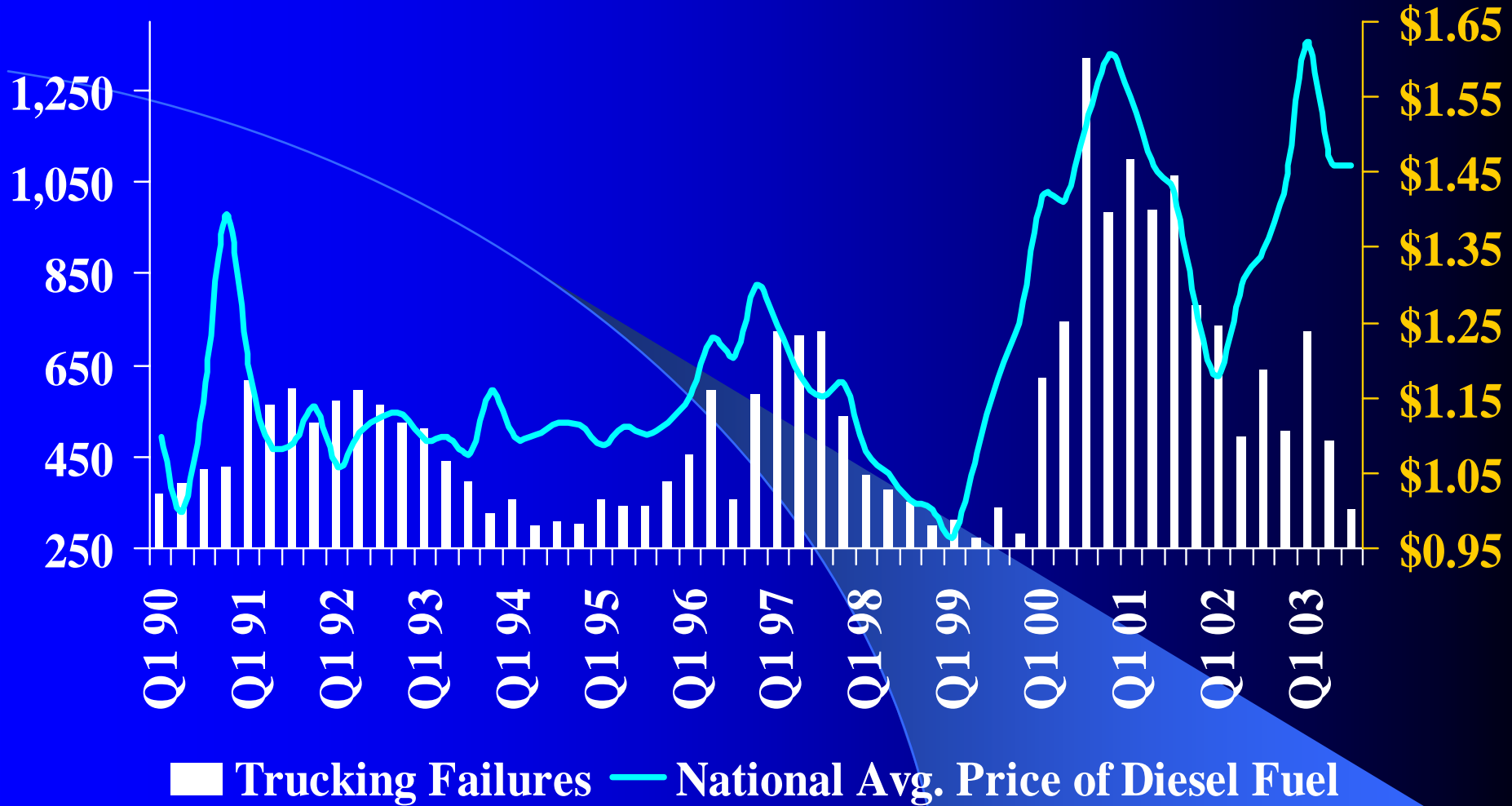
Source: ATA's *Trucking Activity Report*

U.S. Class 8 Truck Sales



Sources: Ward's Communications & ATA

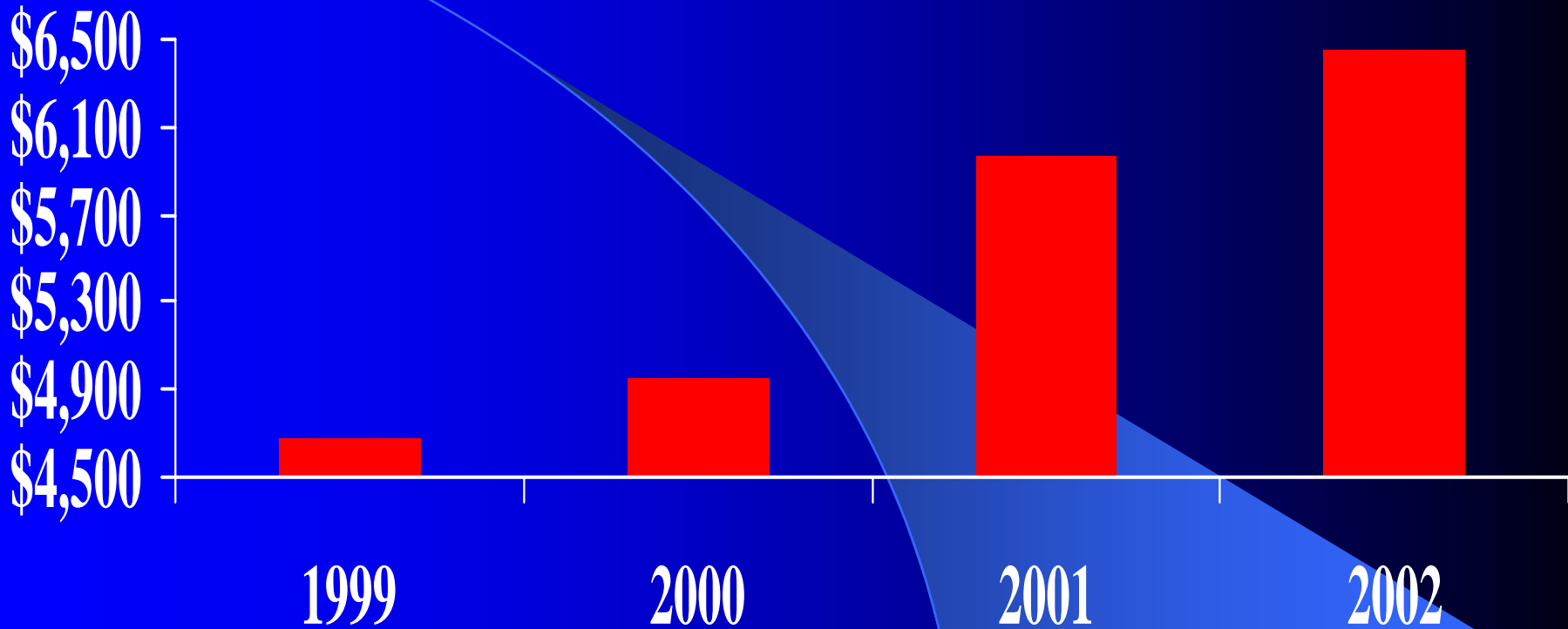
Higher Diesel Prices Lead To More Trucking Failures



Sources: A.G. Edwards & ATA

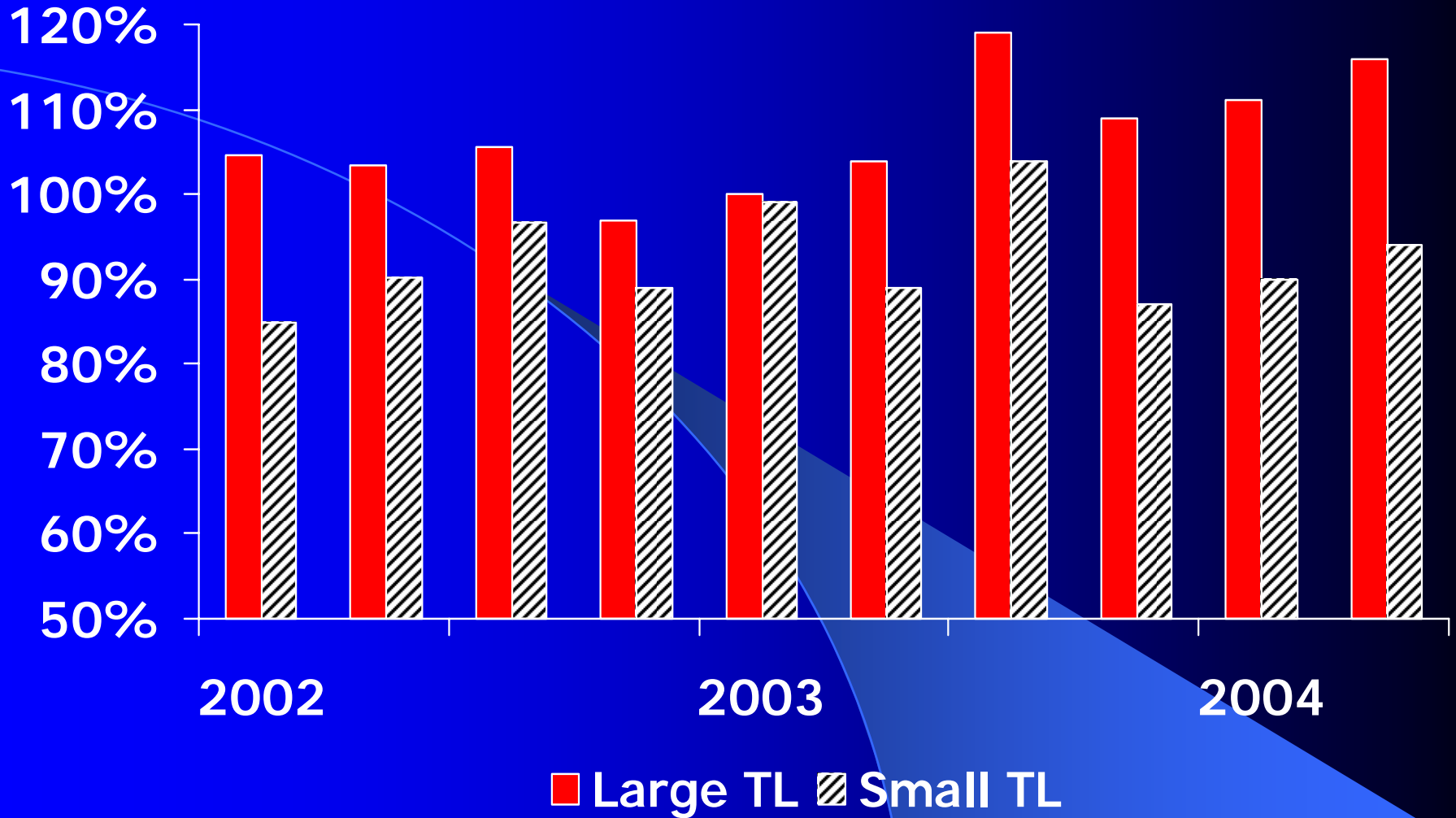
Insurance Cost per Truck

Data based on publicly held truckload carriers which disclose this information.



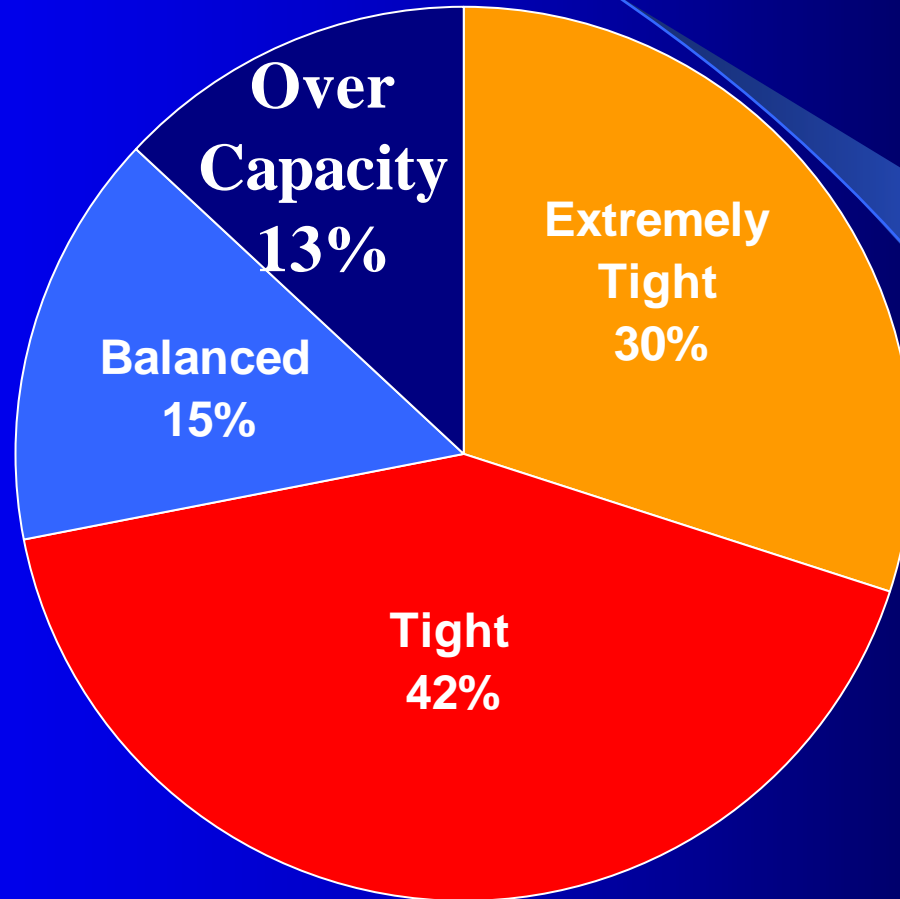
Truckload Driver Turnover

(Quarterly Annualized Rates)



Source: ATA's Trucking Activity Report

Shippers Believe TL Capacity Is Tight (September Survey)



Source: Bear, Stearns & Co. Inc.

Freight Growth

The background is a dark blue gradient. A thin, light blue curved line starts from the top left and curves towards the center. A larger, semi-transparent blue shape, resembling a spotlight or a lens flare, is positioned behind the text, pointing towards the bottom right.

Industry Snapshot: Truck Tonnage

- Total Tonnage Moved:

2002 - 8.88 Billion Tons

2008 - 10.1 Billion Tons

... A 13.7% increase in 6 years.

- Trucks carry 68.9% of total domestic tonnage in the U.S.

Industry Snapshot: Truck Revenue

- Total Revenue:

2002 - \$585.3 Billion

2008 - \$745.0 Billion

... A 27.2% increase in 6 years.

- Trucking revenue represents 86.9% of all freight revenue

Trucking Industry Snapshot: Firms, Employment & Equipment

- 660,000 Interstate For-Hire Carriers
- Total Employment:
 - 10.1 million employees
 - 3.2 million truck drivers (CDL)
- 2.6 Million Class 8 Trucks; 4.9 Million Trailers

Non-Trucking Freight Growth

- Rail Trends...
 - 1.75 Billion Tons Moved in 2002
 - Estimated Annual Rail Car Tonnage Growth
 - 2003 – 2008: 2.2%
 - Rail Carload Revenue
 - 2002 - \$34.7 Billion
- Key Issue: intermodal growth way up (9.1% in Q2, '04); Rail capacity?

Non-Trucking Freight Growth

- Air Cargo Trends...
 - 17.4 Million tons moved in 2002
 - Estimated Annual Tonnage Growth
2003 - 2008: 4.7%
 - Air Cargo Revenue
2002 - \$14.1 Billion
- **Key Issue:**
 - Air cargo “interline” service growing fast!
 - Airlines in crisis

Operating Ratios...

**All Carriers (except
HHG)**

95.91%

Revenue over
\$25M

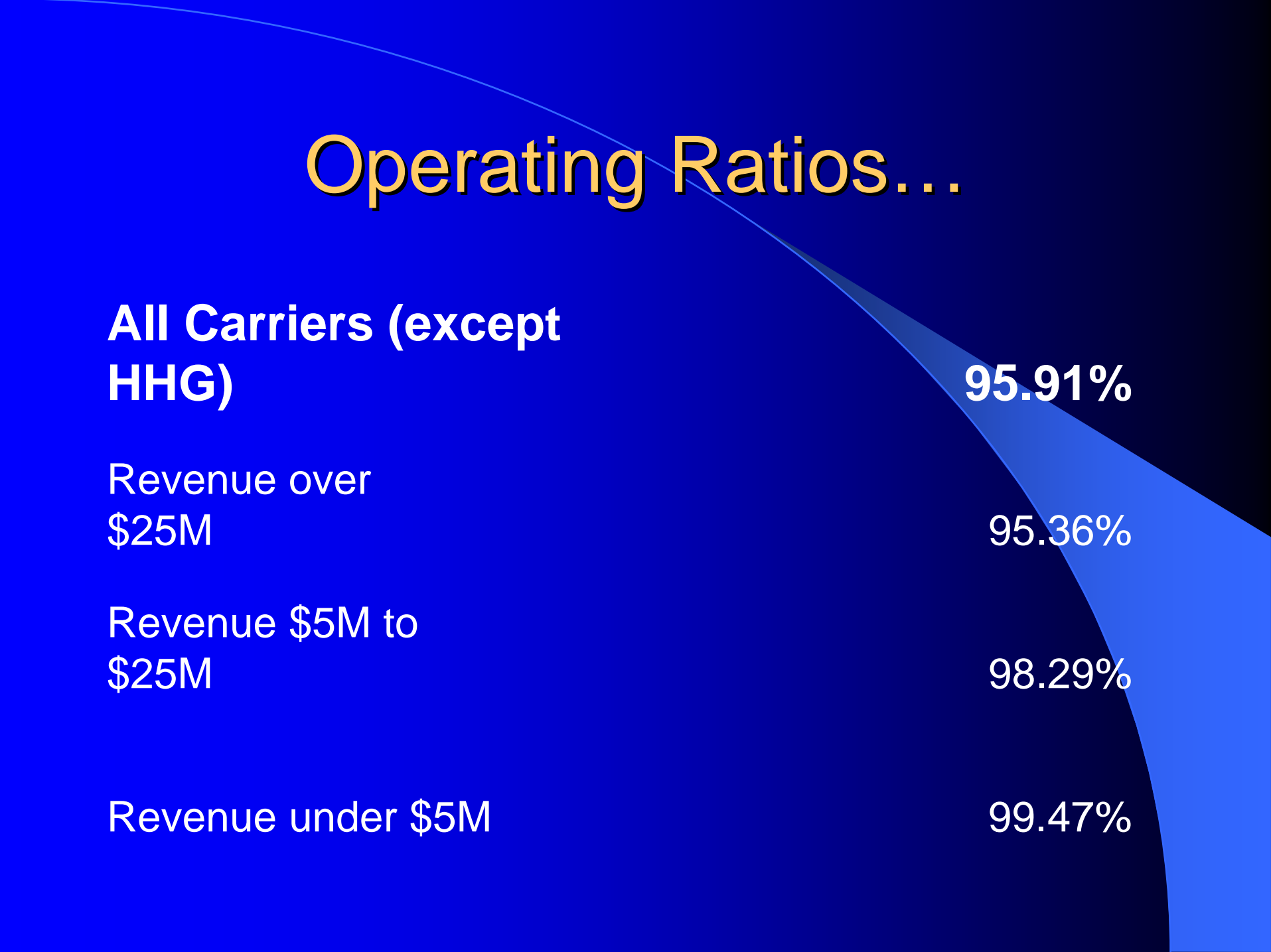
95.36%

Revenue \$5M to
\$25M

98.29%

Revenue under \$5M

99.47%



Strategic Issues

- Taxes and User Fees

- 2003 Annual Taxes Paid on 5-Axle Semi:

- State- \$4,567

- Federal - \$6,139

- TOTAL - \$10,706

- SafeTea: New User Fees & Diversions?

Strategic Issues

- Insurance Costs
 - 20% - 50% increases for “good” carriers in 2003; 2004 high but stable
- New “Hours of Service” Regulations? Likely in 9/05...
- Fuel Cost Volatility
 - Jan. '02 - \$1.16/Gallon
 - June '04 - \$2.00/Gallon
 - Oct. '04 - \$2.16/Gallon

National On-Highway Average Diesel Fuel Price (\$/Gallon)



Sources: Department of Energy & ATA

Strategic Issues

- Driver Issues
 - HOS
 - Heated Economy & Wage Increases
 - Looming Retirements
 - Turn-over vs. Churning
- Technology Utilization
 - Growing; Faster Among Large Carriers

Strategic Issues

- Congestion
 - Problematic but solutions may be worse
 - Tolls (Kennedy's FAST Lanes meet industry requirements)
 - Truck Bans
- Security Costs??
 - US Patriot Act
 - Truck Tracking
 - Port Systems
 - Customs' ACE
 - TWIC
- Shipper-Carrier Relationships

Strategic ATRI Research Projects

- New HOS: Safety & Productivity Impacts
 - Partners include UVA & FMCSA
- CMV Enforcement
 - Statistical research resulting in predictive model for driver accidents and violations
- Freight Information Highway
 - FHWA- & Industry-sponsored initiative to increase electronic supply chain data transactions
 - Includes data privacy recommendations
 - Web services architecture

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Additional ATRI Research Projects

- Onboard Safety Systems
 - FMCSA- & Truck OEM-sponsored
- Developing Real-Time Freight Performance Measures
 - FHWA-sponsored project utilizing satellite tracking
- National Hazmat Transport Security Field Test
 - US DOT & TSA
 - Results in early 1/05
- Food Transport Security Guidebook
 - USDA-sponsored

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Freight Performance Measures

- **Research Priority from 2004-2005 Agenda**
– Utilizing Truck Technologies to Maximize Transportation Planning and Efficiency
- **Original beta test utilized satellite vehicle tracking and new mapping technologies to determine average travel speeds and times for freight-significant corridors**

Freight Performance Measures

- **Phase Two nearing completion**
 - **3-month data collection with enhanced processing and analysis tools in development stage**
 - **FPM Stakeholders Forum held in April**
 - **Initial Canadian Border Crossing Study to be complete by late-September**

Freight Performance Measures

- **Proposed Phase Three Activities:**
 - **Will finalize FPM concepts and ATRI-developed processing and analysis methods**
 - **Will continue work with technology provider, industry and state governments to determine value of FPM**
 - **Will expand corridors from 5 to 25**
 - **Continuation of Canadian Border Study**
 - **Analysis of Mexican Border Opportunities**

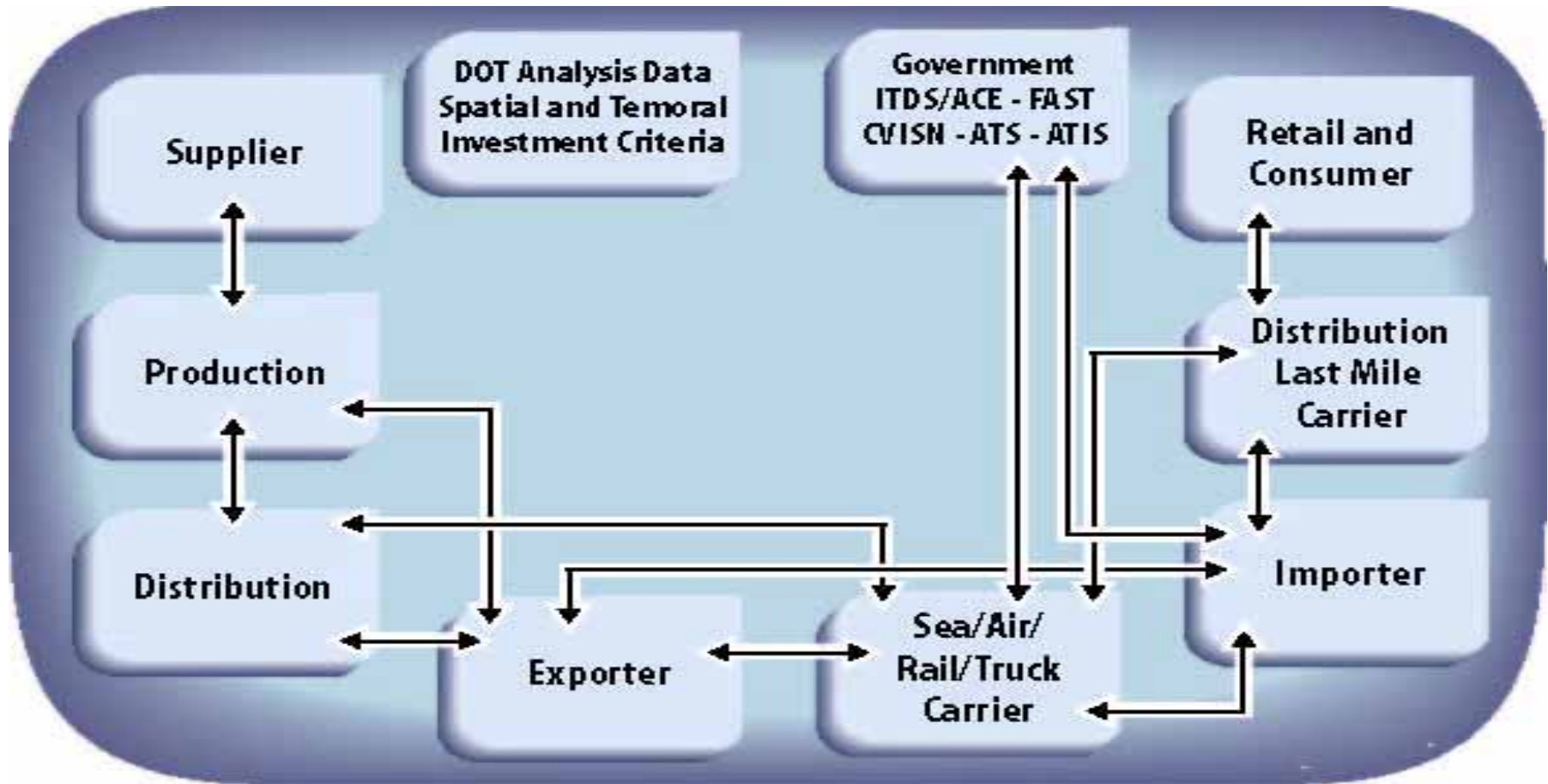
Freight Information Highway

- **Part of the US DOT EFM initiative...**
- **ATRI is developing a Concept of Operations for a Freight Information Highway**
- **Will allow defined users to access and use information to government services and support supply chain activity**
- **Tasks include:**
 - **Development of technical architecture for FIH**
 - **Formulation of institutional data privacy tools to enhance/protect data management and data sharing**
- **Research includes FIH Steering Committee of industry stakeholders**

Typical Supply Chain Data Scenario

Disparate Legacy Systems

Each System Requiring Direct Connections to Support Data Collaboration between Supply Chain Partners



↔ Current Data Connections

Thanks!
Questions?

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