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## May 2014

### Key findings

- Business conditions in May were up from April, with large carriers more bullish than smaller carriers. Overall, 47.8% of respondents said business was better or much better and 46.3% saying it was the same. 51.1% of respondents with more than 100 power units said business was better in May vs. April, compared to 40.9% of respondents with up to 100 power units. Conversely, 13.6% of respondents with up to 100 power units said business conditions were worse in May vs. April, compared to only 2.2% of respondents with more than 100 power units. *(Page 5)*
- 76.2% of all respondents said May business conditions were better than May 2013 (including 86.6% of larger fleet respondents), and 65.7% expect business to be better or much better in the next six months, adjusting for seasonality. *(Pages 5 & 6)*
- 55.2% of respondents plan to increase the size of their fleets – 31.8% of respondents with up to 100 power units, 66.7% of respondents with more than 100 power units – and 29.9% of all respondents plan to replace aging equipment without changing fleet size over the next six months. *(Page 7)*
- Driver availability again comes in as the top concern at 81.8% for all respondents, followed by regulation (6.1%) and the political climate in Washington (6.1%). *(Pages 7 & 8)*

### Quotes of the month

- **Up to 100 power units:** “We have gone from a trucking company to a travel agency. Trying to keep drivers happy has become tougher – where they want to go, when they want to go and how long they want to be home. It is becoming difficult to run a company, as many others are experiencing...”
- **More than 100 power units:** “Drivers, drivers, drivers...We could add another 20% and not cover the demand.”

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### Methodology

The May 2014 Randall-Reilly MarketPulse report is based on an ongoing survey that was sent to 200 senior executives of for-hire trucking companies who had agreed to participate monthly. The panel includes executives of carriers that operate at least 10 power units and does not change except to add new panel members that agree to join or to remove those who fail to participate for several consecutive months.

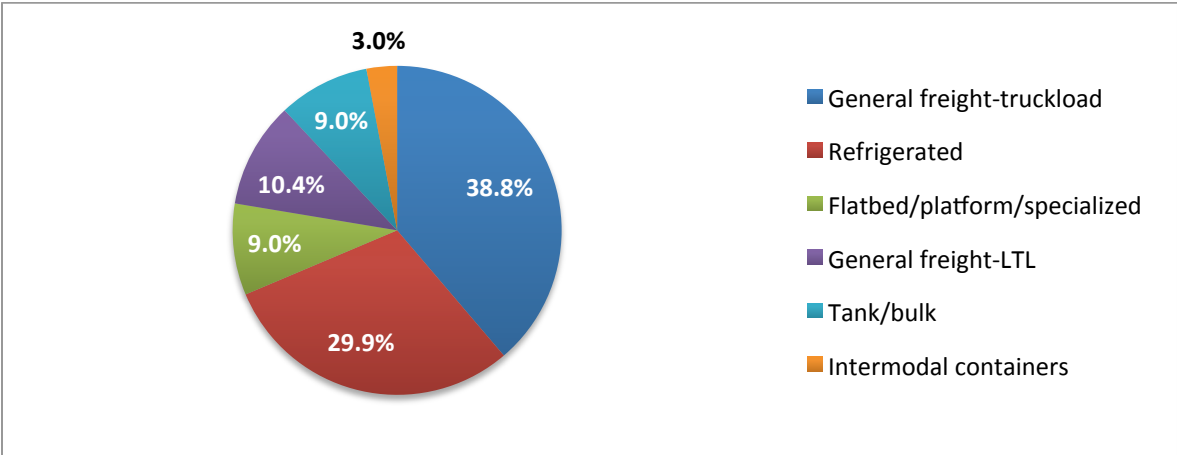
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on June 30, 2014 with reminders sent out on July 8 and July 13, 2014. Out of the total pool, 67 carrier executives completed the questionnaire.

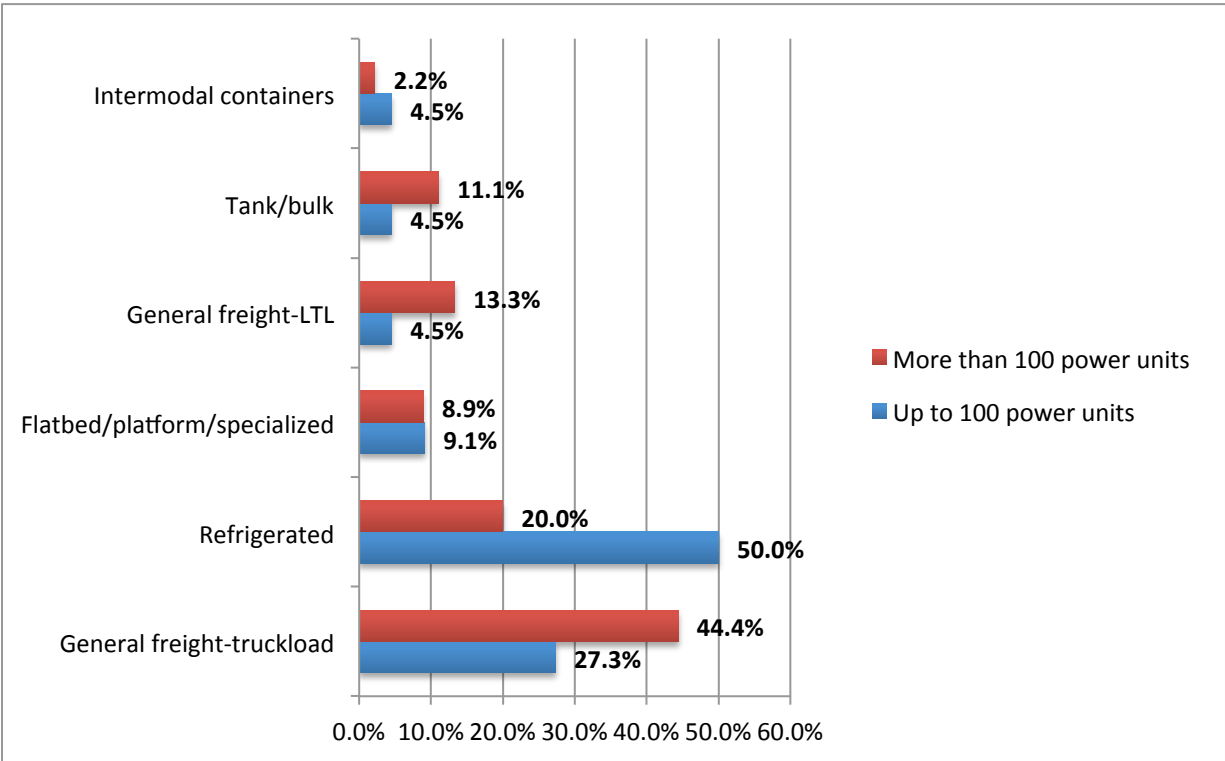
### Demographics

67 respondents

Which of the following represents the largest portion of your operation?

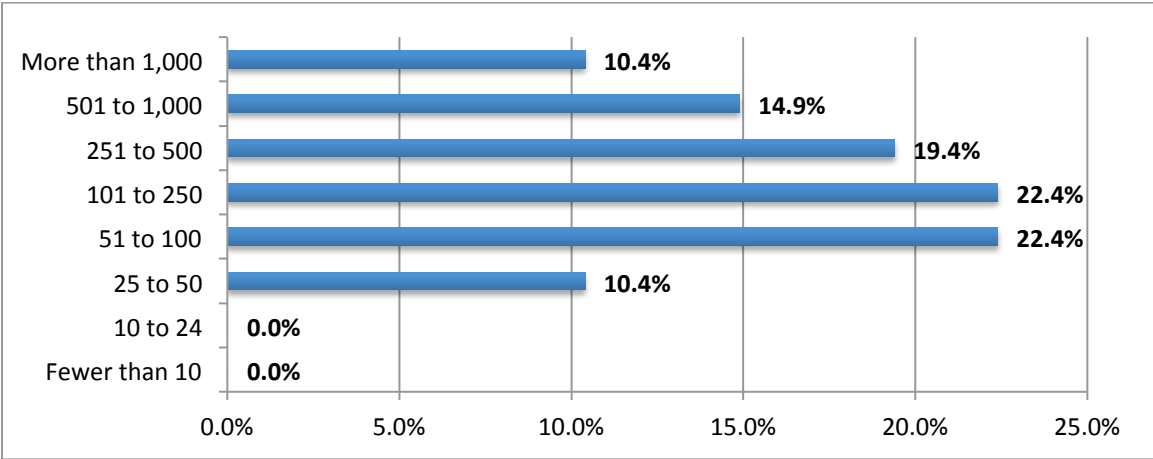


### By fleet size



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How many power units does your company operate (including owned, leased or independent contractors)?

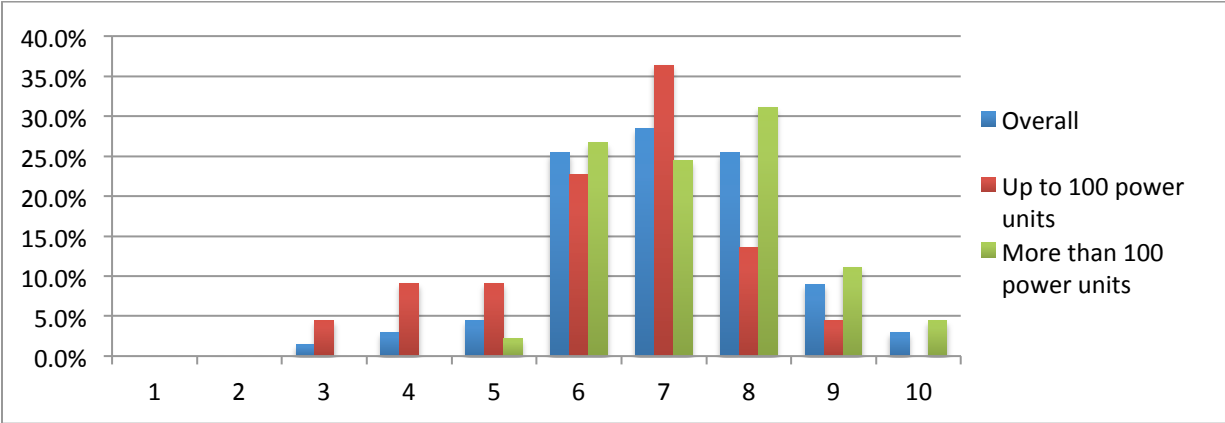


### Business conditions

On a scale of 1 to 10 (where 1 is the worst month ever and 10 is the best month ever), how would you rate overall business conditions during April 2014?

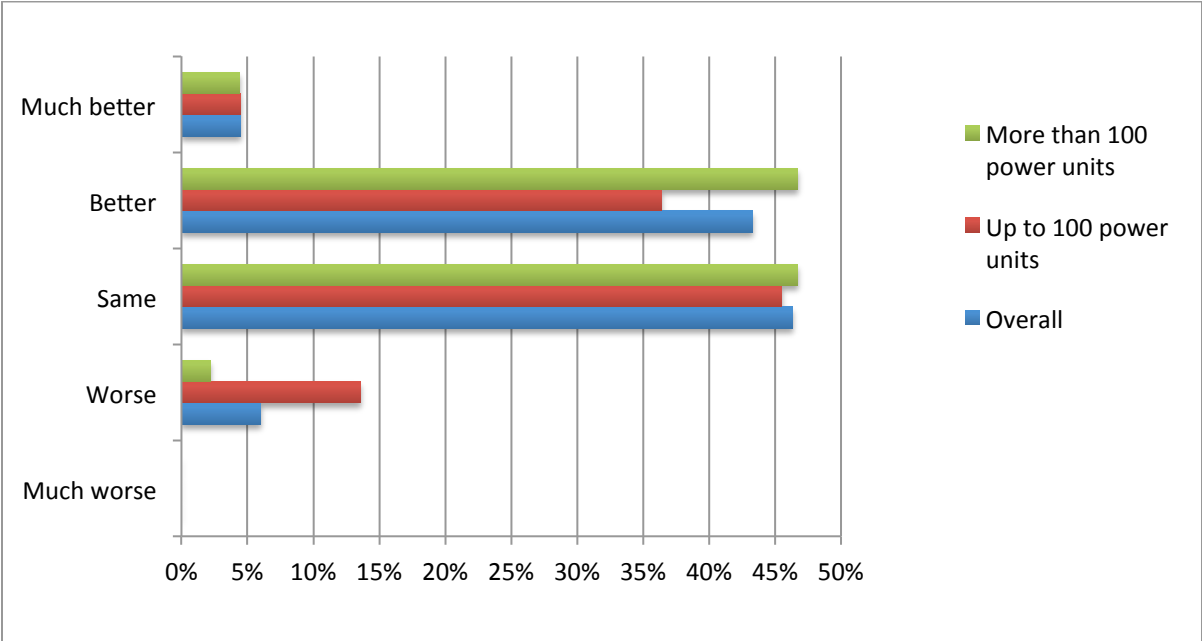
	May 2014	April 2014
Average response	7.0	6.6
Up to 100 power units:	6.4	6.3
More than 100 units:	7.4	6.8

### Distribution of responses

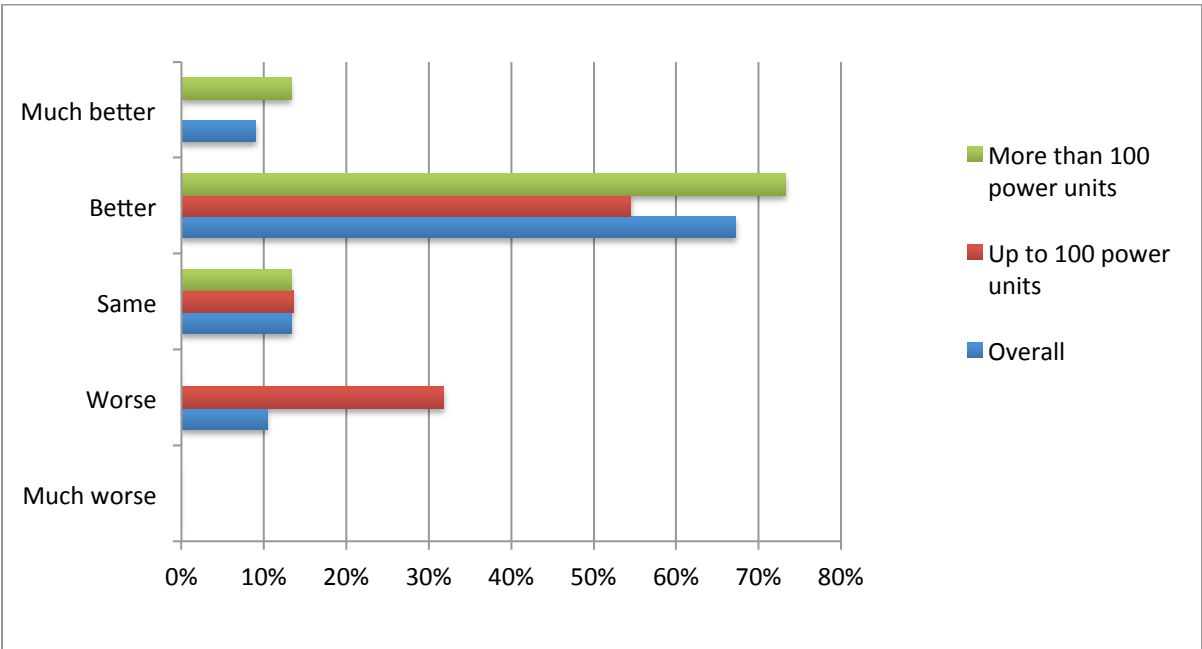


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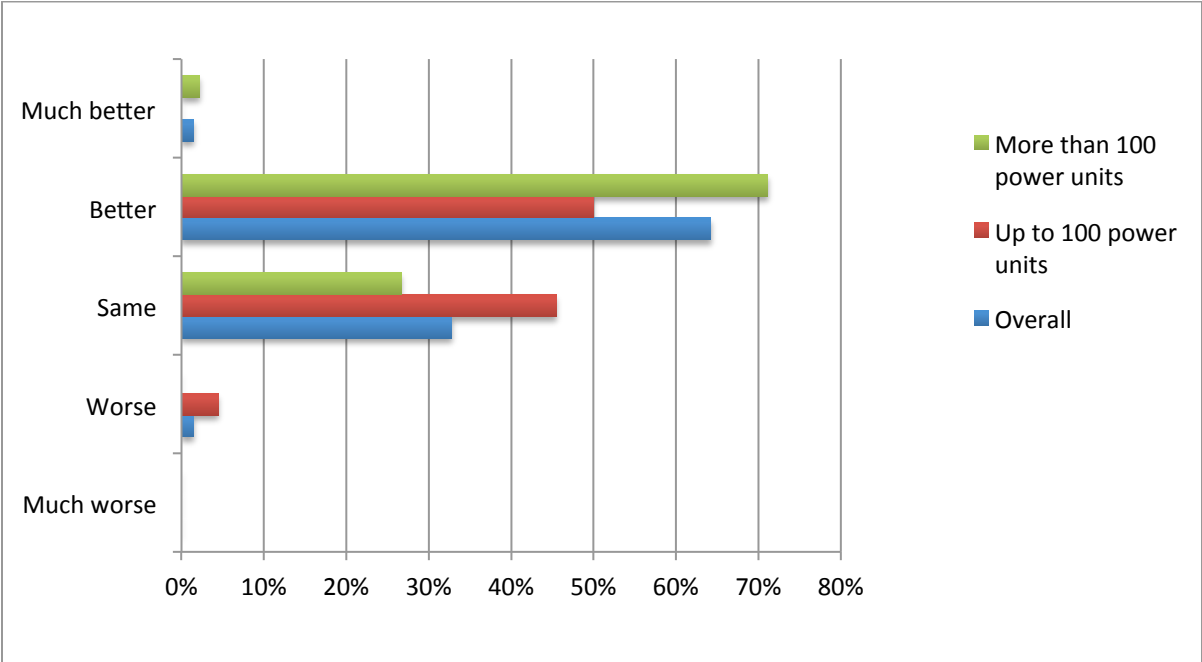
### How is your business doing this month compared to last month?



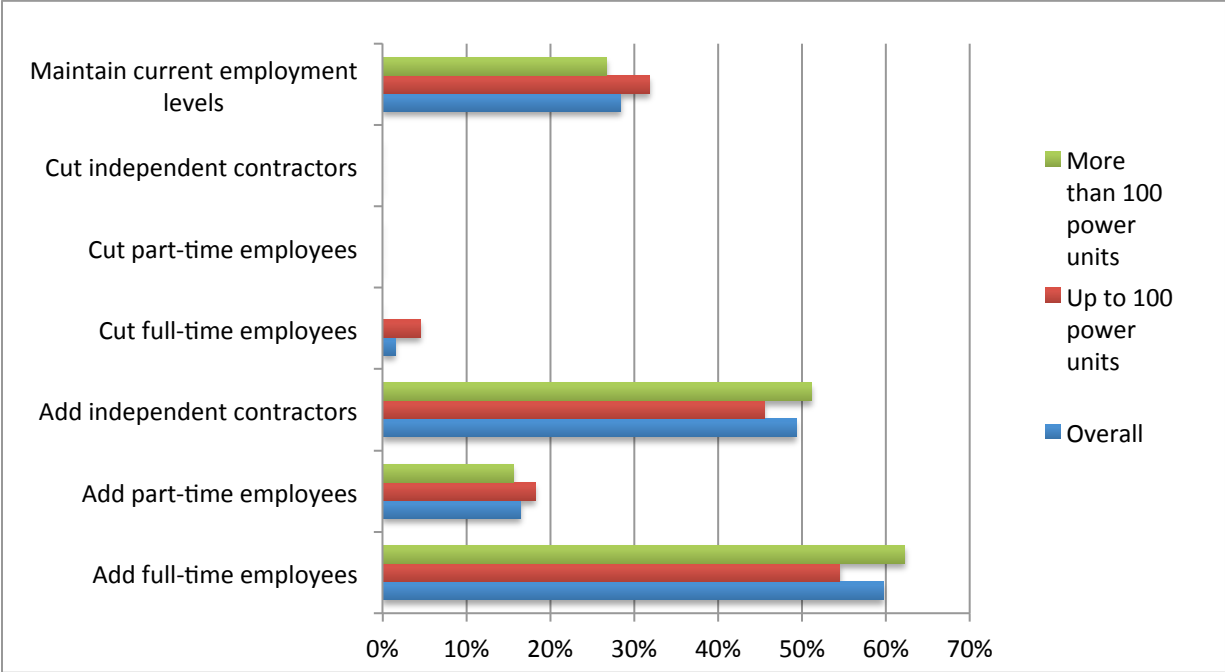
### How is your business doing this month compared to the same month last year?



### Adjusting for seasonality, how do you see business in the next 6 months?

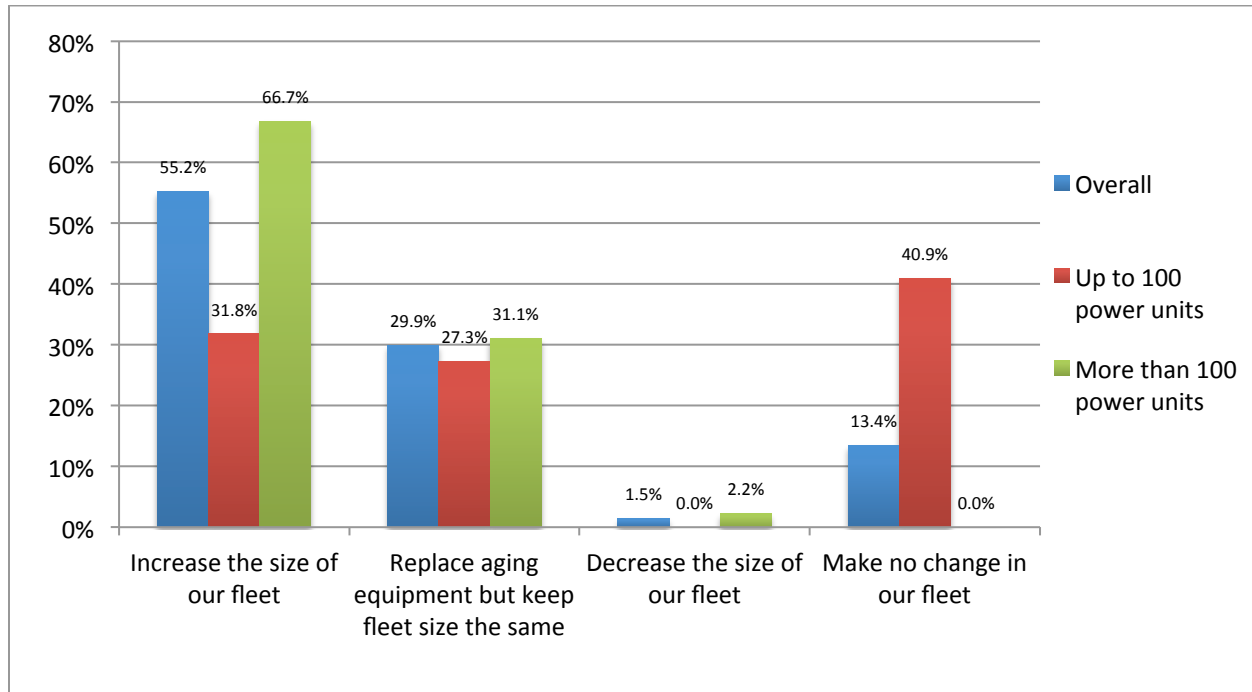


### Not counting seasonal employees, in the next 6 months, do you plan to:



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In the next 6 months, we plan to:



Please rank your top five concerns right now (with 1 being the biggest concern).

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	7.8%	9.1%	9.1%	6.1%
Freight pricing	4.5%	20.3%	13.6%	13.6%	12.1%
Cash flow	0.0%	1.6%	1.5%	3.0%	6.1%
Fuel costs	0.0%	7.8%	1.5%	9.1%	3.0%
Driver availability	81.8%	4.7%	7.6%	3.0%	0.0%
Cost of labor	0.0%	25.0%	6.1%	3.0%	3.0%
Maintenance costs	0.0%	9.4%	16.7%	9.1%	16.7%
Cost of equipment	0.0%	4.7%	15.2%	12.1%	6.1%
Unionization	0.0%	0.0%	0.0%	1.5%	0.0%
Access to credit	0.0%	0.0%	0.0%	3.0%	0.0%
Cost of credit	0.0%	0.0%	1.5%	0.0%	0.0%
Regulation	6.1%	9.4%	19.7%	21.2%	16.7%
Taxes	1.5%	1.6%	0.0%	1.5%	13.6%
Political climate in Washington	6.1%	7.8%	7.6%	10.6%	16.7%
Other	0.0%	0.0%	0.0%	0.0%	0.0%



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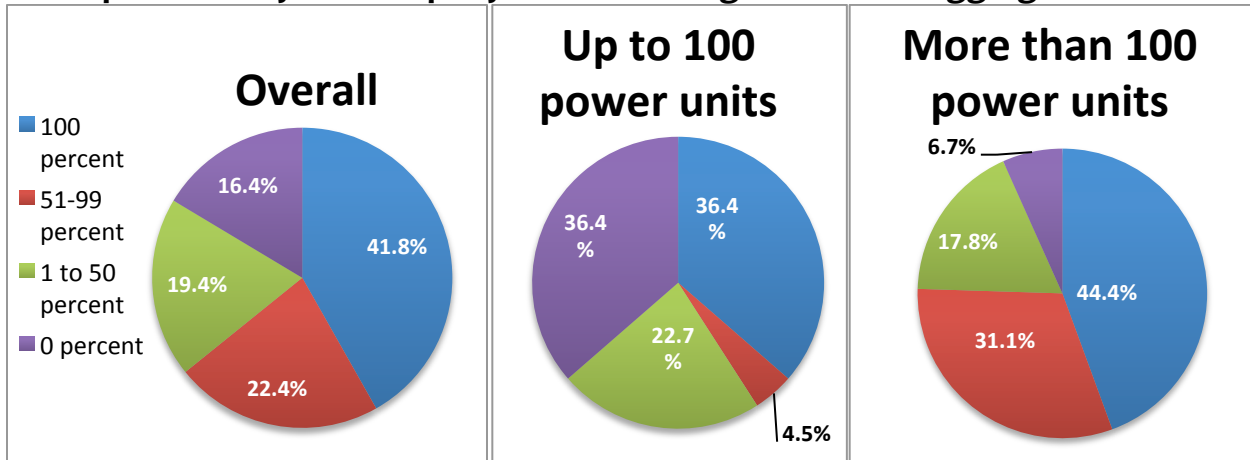
### Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	0.0%	4.8%	14.3%	0.0%
Freight pricing	9.1%	30.0%	4.8%	4.8%	9.5%
Cash flow	0.0%	5.0%	4.8%	4.8%	4.8%
Fuel costs	0.0%	15.0%	0.0%	9.5%	9.5%
Driver availability	72.7%	10.0%	4.8%	4.8%	0.0%
Cost of labor	0.0%	15.0%	4.8%	0.0%	9.5%
Maintenance costs	0.0%	5.0%	23.8%	9.5%	23.8%
Cost of equipment	0.0%	10.0%	14.3%	23.8%	0.0%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	4.8%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	9.1%	5.0%	33.3%	9.5%	14.3%
Taxes	4.5%	0.0%	0.0%	4.8%	23.8%
Political climate in Washington	4.5%	5.0%	4.8%	9.5%	4.8%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

### Top concerns for carriers with more than 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	11.4%	11.1%	6.7%	8.9%
Freight pricing	2.3%	15.9%	17.8%	17.8%	13.3%
Cash flow	0.0%	0.0%	0.0%	2.2%	6.7%
Fuel costs	0.0%	4.5%	2.2%	8.9%	0.0%
Driver availability	86.4%	2.3%	8.9%	2.2%	0.0%
Cost of labor	0.0%	29.5%	6.7%	4.4%	0.0%
Maintenance costs	0.0%	11.4%	13.3%	8.9%	13.3%
Cost of equipment	0.0%	2.3%	15.6%	6.7%	8.9%
Unionization	0.0%	0.0%	0.0%	2.2%	0.0%
Access to credit	0.0%	0.0%	0.0%	2.2%	0.0%
Cost of credit	0.0%	0.0%	2.2%	0.0%	0.0%
Regulation	4.5%	11.4%	13.3%	26.7%	17.8%
Taxes	0.0%	2.3%	0.0%	0.0%	8.9%
Political climate in Washington	6.8%	9.1%	8.9%	11.1%	22.2%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

### What percent of your company's fleet is using electronic logging devices?



## General comments

### Up to 100 power units

- Pushed through the biggest rate increase in our history with very little resistance from our customers. Most of the resistance came from our salespeople.
- There hasn't been a driver shortage that we haven't figured out how to make very good money. This one is very tight; hopefully we can manage like the past years and successfully grow our margins.
- We have gone from a trucking company to a travel agency. Trying to keep drivers happy has become tougher – where they want to go, when they want to go and how long they want to be home. It is becoming difficult to run a company, as many other are experiencing, driver recruiting and retention is the worst it has ever been and doesn't appear it will get better. Creative thinking, problem solving and most important, relying on God, will be the key to success.
- Cost of supplies continue to increase, we have been successful in raising rates from 2% - 13.6% on the base with an average of 5.8%. Must be hitting the price ceiling as some other carriers cutting our prices in place for two years without a raise and without a fuel surcharge. I run an efficient business that produces a profit. I cannot imagine marginal companies bidding low without a fuel surcharge. I believe the rest of the year will be slow growth with inflation taking a larger bite than last year. Those who do not price accordingly or are not vigilant on their bottom line could find themselves wondering what happened!

(Continued on next page)

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### Up to 100 power units (continued)

- It seems like the government is against the small carrier at times. We finally get a climate where business should be good and they regulate us right out of what could be a very profitable time in our industry. We saw the 34-hour restart changes about to be repealed but a couple of high profile accidents put that on hold. This regulatory, reactionary, business-hating political climate has to stop.

## General comments

### More than 100 power units

- I don't see anything that spells a strong economy; still too many bumps in road to many issues with regulations and nothing coming out of Washington. We need house cleaning on both sides so they get the message that the people outside the beltway have had enough.
- Freight is plentiful. We wish the driver force would be as plentiful. Finding and keeping good drivers will be a challenge going forward for years to come.
- Quality drivers continue to be a challenge! Unless the industry commits to raising driver pay to \$.60 per mile, we won't be able to attract the necessary individuals to provide service to the marketplace.
- One of our best months for May in several years. Demand is good. Finding and keeping good drivers are still our biggest problem! We averaged 5-6% of fleet unseated the entire month.
- Over regulations. HOS continues to hamper many trucking companies and also shippers.
- Great time to be in trucking if you know how to manage your business.
- Drivers, drivers, drivers...We could add another 20% and not cover the demand.
- There are so many things wrong in Washington; it is hard to imagine we are running as well as we are.
- Rates continue to firm up as driver availability and capacity continue to tighten.
- Attracting the necessary number of qualified professional drivers continues to be our greatest concern as we are confronted with an aging professional driver base.

**(Continued on next page)**

## May 2014 MarketPulse Report

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### More than 100 power units (continued)

- Freight volume seems more solid than at the beginning of the year. However, costs are increasing as business improves.
- Opportunities continue to outpace our ability to staff for these opportunities. We are increasing rates to cover the increasing costs of doing business. Political climate continues to scare me.