



# November 2019

## Key findings

- Carrier sentiment for business conditions in November 2019 was 5.4, down from 5.8 in October. Month-to-month sentiment fell sharply for respondents with up to 100 power units from 6.3 in October to 4.9 in November, while sentiment remained steady at 5.6 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in November 2019 leveled out, with 55% of all respondents saying it was the same as October 2019, 18% saying it was worse and 26% saying it was better. Business conditions were markedly worse on a year-over-year basis, with 63% of all respondents indicating a drop compared to November 2018.
- Respondents with more than 100 power units are more optimistic about the next six months, with 39% expecting business conditions to improve, compared to just 15% of respondents with up to 100 power units. (Pages 5 & 6)
- 27% of all respondents plan to increase the size of their fleets in the next six months. 8% of respondents plan to decrease fleet size, while 45% expect to replace aging equipment while maintaining current fleet size or make no change in fleet size. (Page 7)
- After taking over the No. 1 spot last month as the top concern for all survey respondents, freight volume (37%) has increased its margin on driver availability (24%) as the top concern. Freight pricing came in tied with driver availability, followed by cash flow (4%). (Pages 7 & 8)
- Respondents with more than 100 power units reported higher seated truck counts than respondents with up to 100 power units. 24% of all respondents expect to increase recruiting spend in the next six months, while 6% plan to cut recruiting spend. (Page 9)

## Quotes of the month

- **Up to 100 power units:** “Surprisingly strong November in all sectors. The old adage ‘the only place success comes before work is in the dictionary’ has become our truth during these challenging times!”
- **More than 100 power units:** “Recent ‘adjustments’ to customers’ schedules are starting to play havoc with drivers resulting in turnover. With the driver shortage somewhat improved, drivers are still looking for the best lane schedules, equipment and pay. Recent hikes in driver pay the past 12 months combined with lower freight rates has resulted in challenges for many carriers. Economy continues to do well and with that said, Trucks move America Forward!”

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## November 2019 MarketPulse Report

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# Methodology

The November 2019 CCJ MarketPulse report is based on an ongoing survey 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.

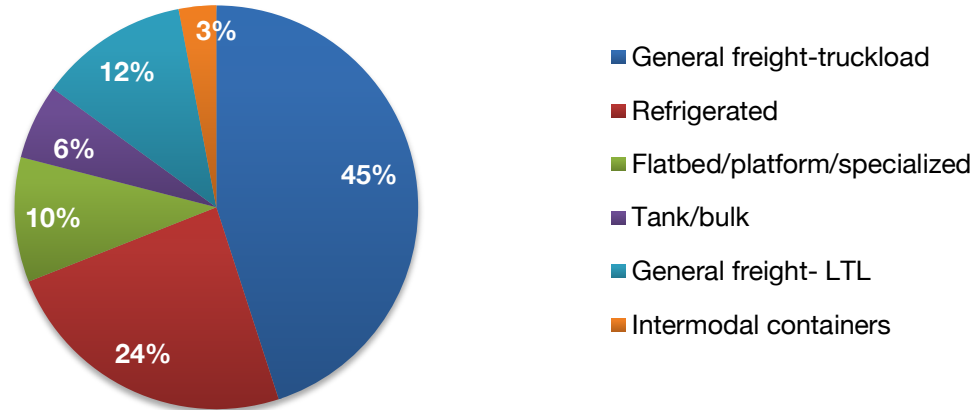
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on December 17, 2019 with reminders sent out on December 19 and December 20, 2019. Out of the total pool, 67 carrier executives completed the questionnaire.

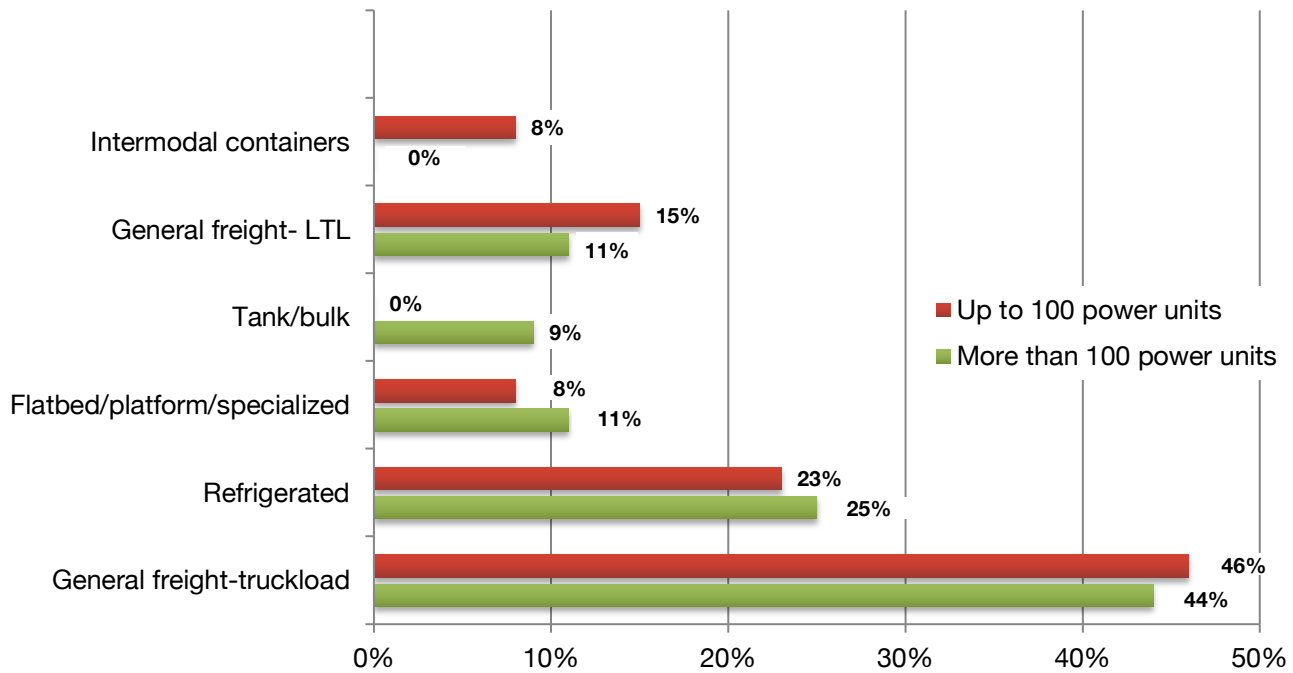
# Demographics

67 respondents

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

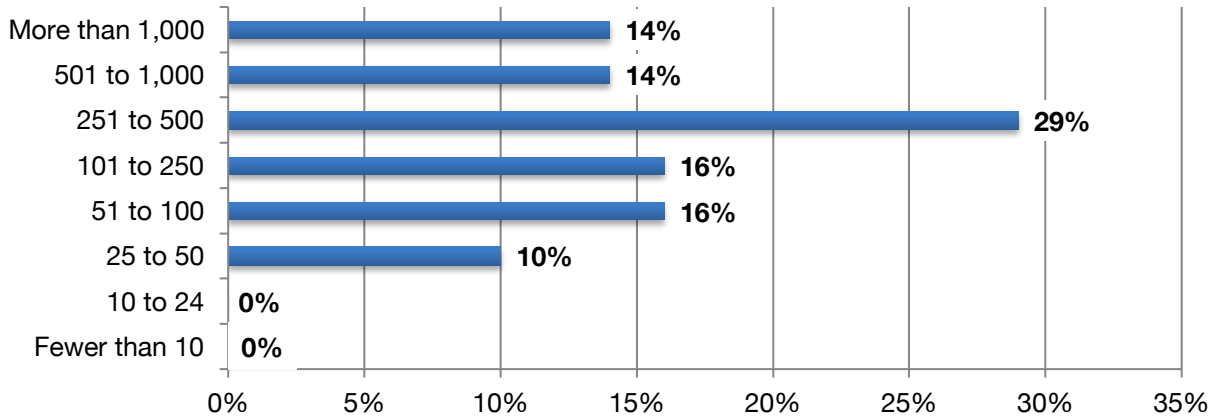


By fleet size:



## November 2019 MarketPulse Report

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

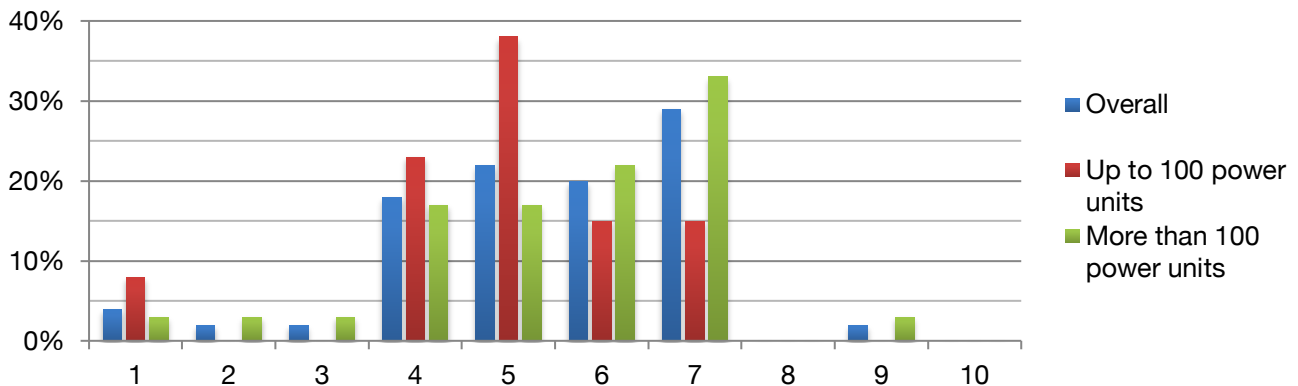


## Business conditions

On a scale of 1 to 10 (1 = worst month ever and 10 = best month ever), how would you rate overall business conditions during November 2019?

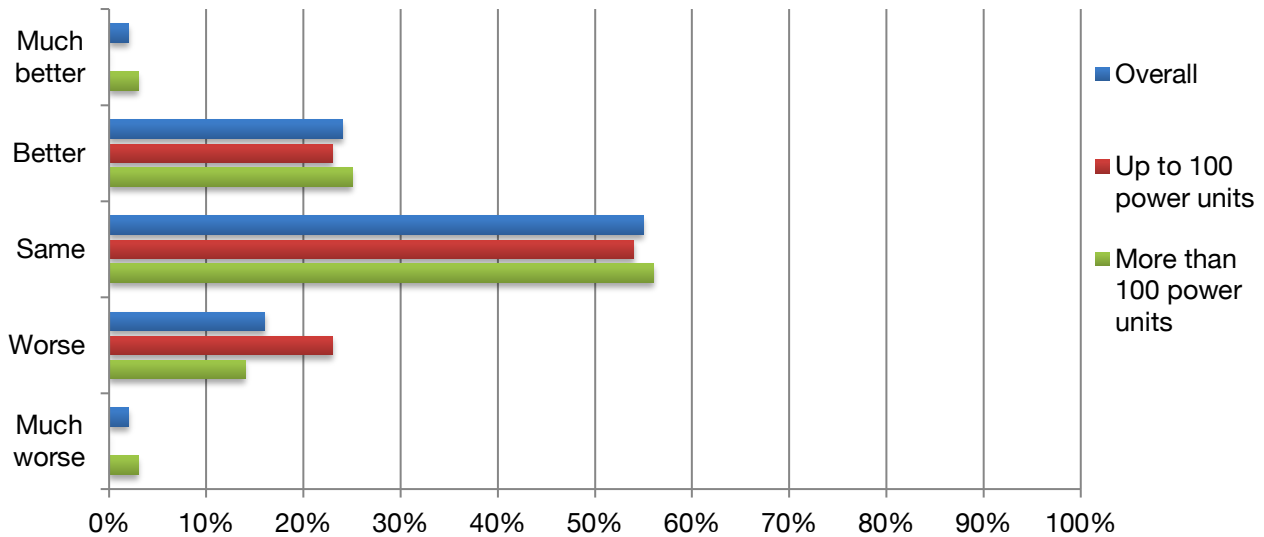
	<u>November 2019</u>	<u>October 2019</u>
<b>Average response:</b>	<b>5.4</b>	<b>5.8</b>
<b>Up to 100 power units:</b>	<b>4.9</b>	<b>6.3</b>
<b>More than 100 units:</b>	<b>5.6</b>	<b>5.6</b>

### Distribution of responses:

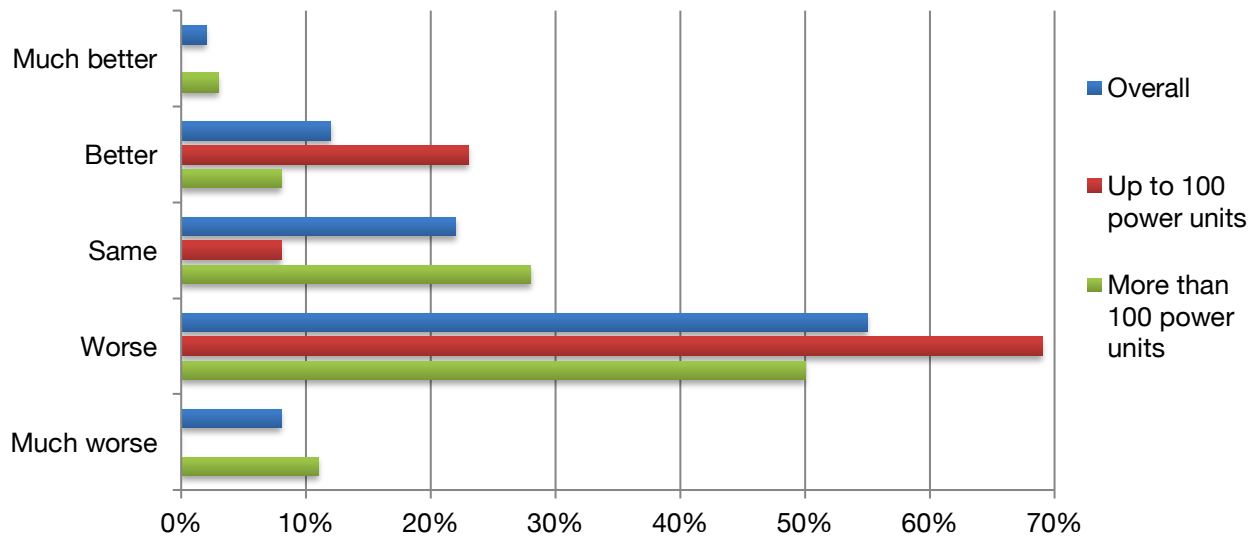


# November 2019 MarketPulse Report

How did your business do in November 2019 compared to October 2019?

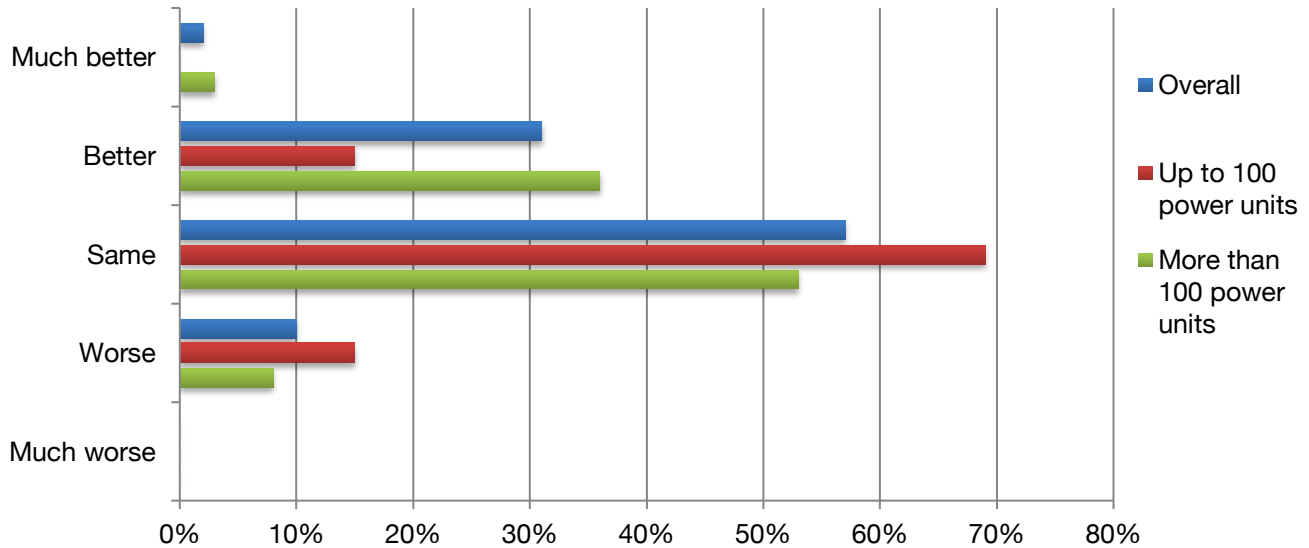


How did your business do in November 2019 compared to November 2018?

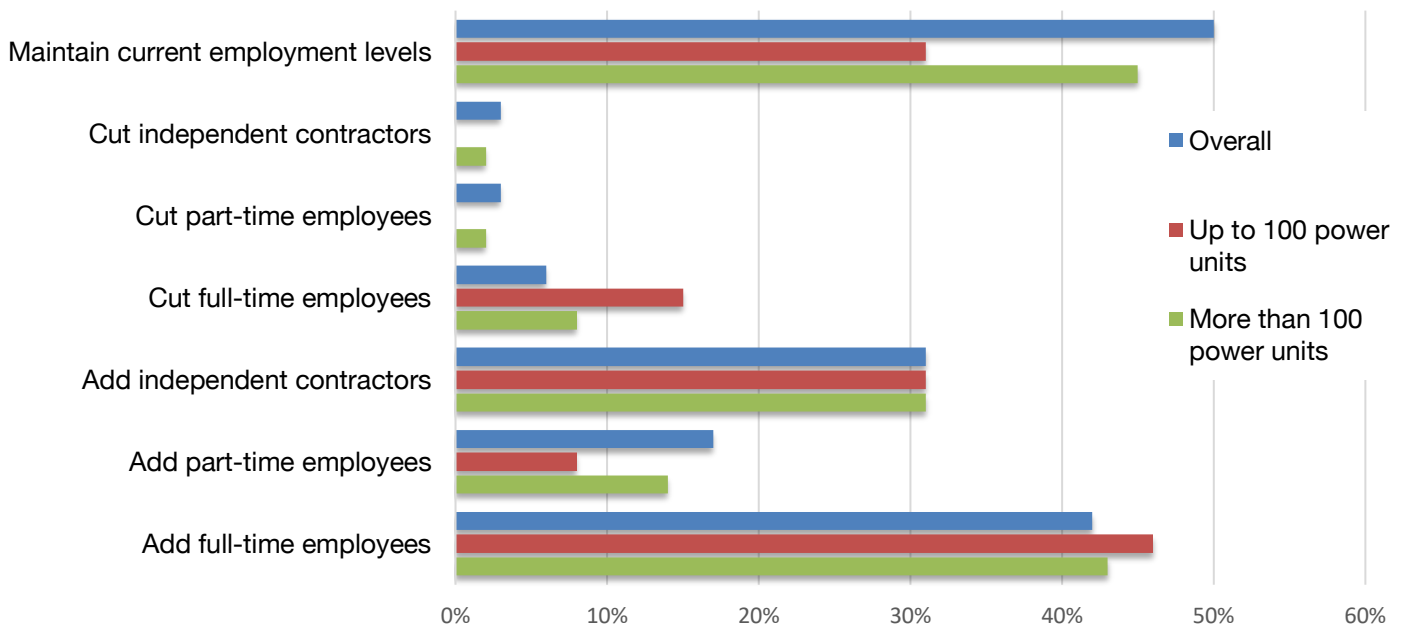


# November 2019 MarketPulse Report

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

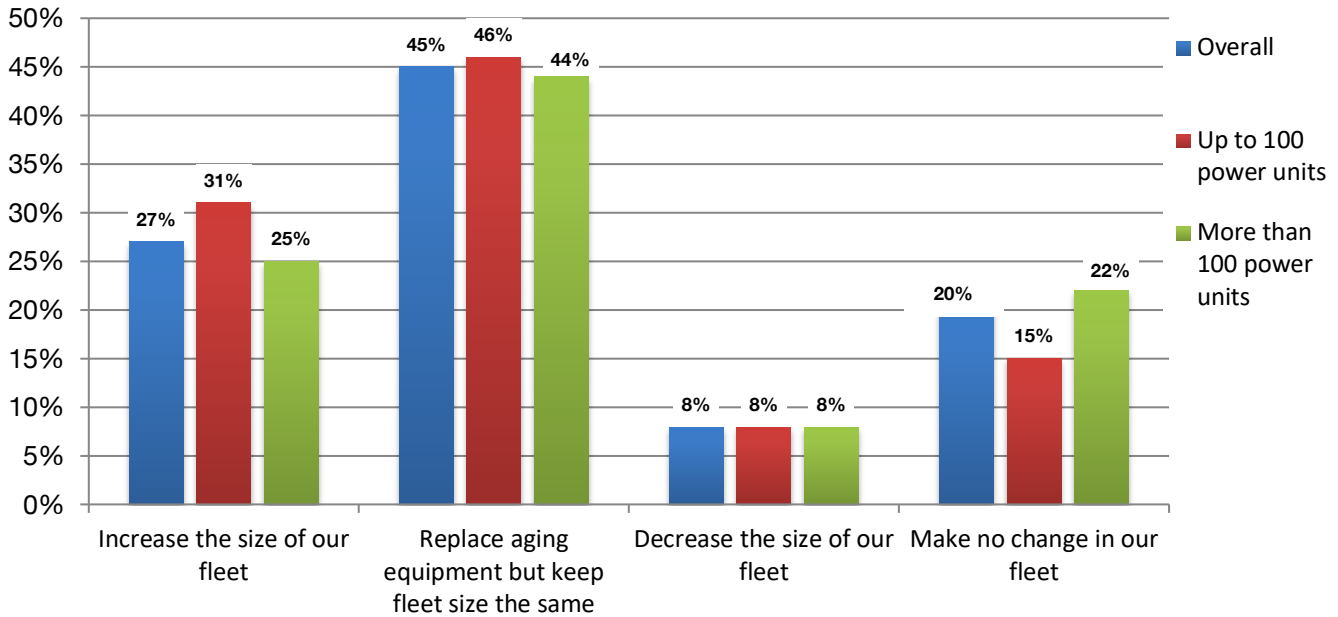


Not counting seasonal employees, in the next 6 months, do you plan to:

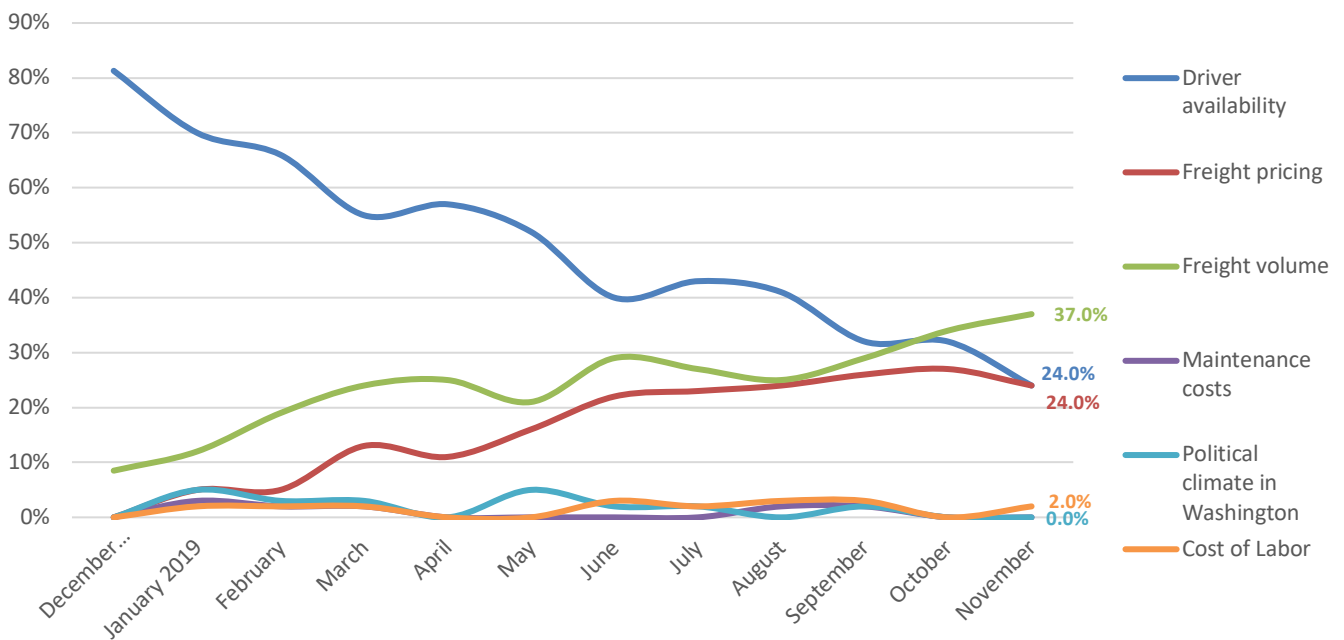


# November 2019 MarketPulse Report

In the next 6 months, we plan to:



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





## November 2019 MarketPulse Report

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

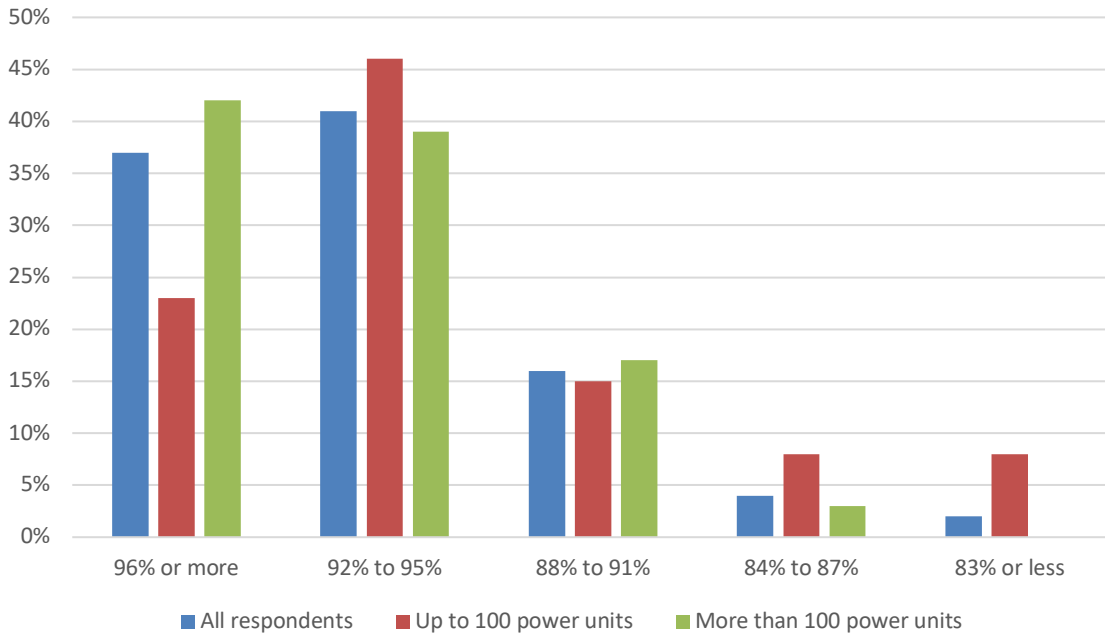
	1 (Biggest concern)	2	3	4	5
Freight volume	23%	8%	31%	8%	8%
Freight pricing	15%	46%	15%	15%	0%
Cash flow	8%	0%	0%	8%	8%
Fuel costs	0%	8%	0%	8%	8%
Driver availability	46%	0%	23%	0%	0%
Cost of labor	0%	15%	8%	8%	0%
Maintenance costs	0%	15%	15%	23%	0%
Cost of equipment	8%	8%	0%	8%	23%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	0%	0%	8%	8%	0%
Taxes	0%	0%	0%	8%	0%
Political climate in Washington	0%	0%	0%	8%	31%
Other	0%	0%	0%	0%	23%

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

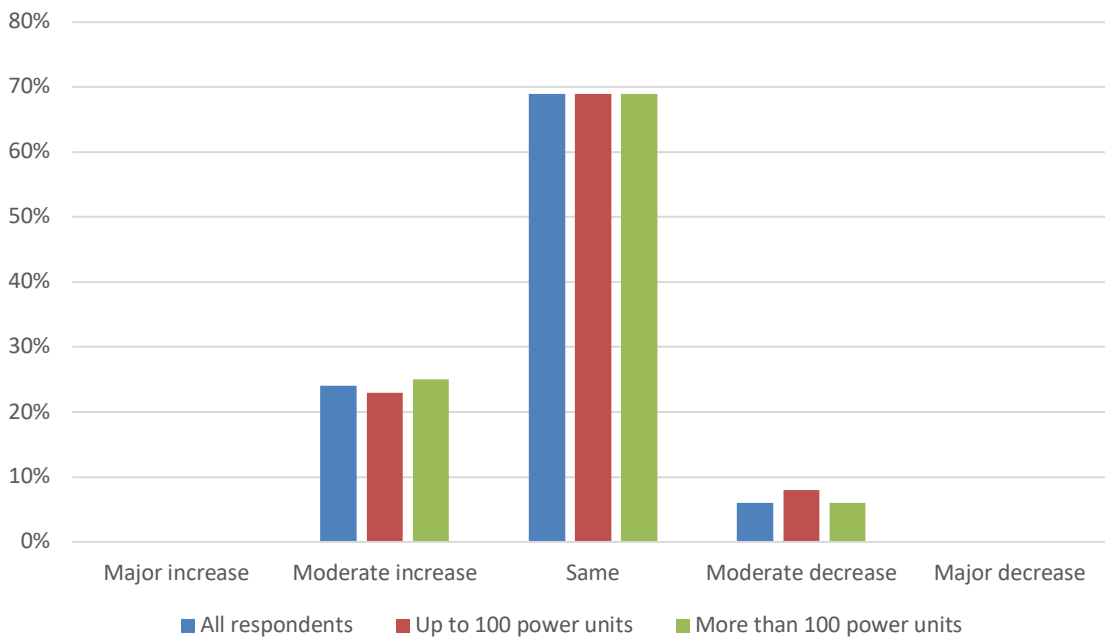
	1 (Biggest concern)	2	3	4	5
Freight volume	42%	17%	11%	11%	6%
Freight pricing	28%	42%	14%	14%	0%
Cash flow	3%	0%	0%	0%	3%
Fuel costs	0%	0%	6%	0%	0%
Driver availability	17%	31%	17%	11%	6%
Cost of labor	3%	6%	11%	19%	3%
Maintenance costs	0%	0%	3%	19%	19%
Cost of equipment	0%	0%	6%	3%	17%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	3%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	3%	3%	9%	6%	14%
Taxes	0%	0%	0%	0%	0%
Political climate in Washington	0%	3%	17%	14%	31%
Other	6%	0%	3%	3%	3%

## November 2019 MarketPulse Report

### What was your percentage of seated trucks in November 2019?



### How do you expect your recruiting costs to change in the next six months?



### General comments

#### Up to 100 power units

- Surprisingly strong November in all sectors. The old adage 'the only place success comes before work is in the dictionary' has become our truth during these challenging times!

#### More than 100 power units

- Manufacturing is in decline and has had an adverse effect on our business. Until the tariff issues are corrected, we expect that to continue
- A strange year. Freight volumes have been choppy all year, leading a few of our customers to do bids. We have lost some business because other carriers got really aggressive with pricing. During the 4th quarter, with the loss of business, we hauled more brokered freight, up to 20% of our current volumes, than we were comfortable with. In December, it appears that volumes are increasing and pricing is improving, perhaps due to favorable talks/progress about international trade. We stopped hiring in October, November and December and let attrition right size our fleet (turnover YTD 27%). We're ramping up hiring again for January as we see slight improvements in volumes/pricing going into 2020.
- November was one of the worst months we have ever had, with customers using brokers and with bids coming out and we are seeing reduced rates from carriers and brokers. It is unbelievable.
- Recent 'adjustments' to customers' schedules are starting to play havoc with drivers resulting in turnover. With the driver shortage somewhat improved, drivers are still looking for the best lane schedules, equipment and pay. Recent hikes in driver pay the past 12 months combined with lower freight rates has resulted in challenges for many carriers. Economy continues to do well and with that said, Trucks move America forward!
- Business is slow, shipments and tonnage continue to drop during the 4th quarter.
- I think the conditions are better than the media describe. The bankruptcies in our industry are going to continue to help the last man standing.
- Automotive shutdown in May this year for one of our biggest customers has caused our downturn.

(continued)

## November 2019 MarketPulse Report

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(continued- General comments, more than 100 power units)

- Trucking companies' costs are not going down, yet shippers are trying to decrease rates. This is due to the normal market factors plus new ones. The trade war and tariffs with China hurt the volumes in the 2H19. This will change yet again in 2020 and shippers who choose to penny pinch will get pinched themselves.