



## October 2020

### Key findings

- Carrier optimism continues to rise as the year draws to an end, with the business conditions index rising from 7.1 in September to 7.3 in October. Month-to-month sentiment rose for respondents with up to 100 power units from 6.7 in September to 6.8 in October, while sentiment for respondents from fleets with more than 100 power units rose from 7.2 to 7.5. (Page 4)
- Half of all respondents said month-over-month business conditions improved, including 45% of respondents from fleets with more than 100 power units and 57% from fleets with up to 100 power units. Only 5% of all respondents said business conditions worsened from September to October. On a year-over-year basis, 63% of all respondents indicated an increase in business compared to October 2019. (Page 5)
- Half of all respondents anticipate better business conditions in the next six months, while just 8% anticipate conditions to deteriorate (down from 12% last month). (Page 6)
- 37% of all respondents plan to increase the size of their fleets in the next six months. 3% of respondents plan to decrease fleet size, while 60% expect to replace aging equipment while maintaining current fleet size or make no change in fleet size. (Page 7)
- In the first MarketPulse survey since the election, the political climate in Washington (13%) has surpassed both freight pricing and freight volume to become the No. 2 top concern for respondents. Driver availability maintains its firm grip as the top concern for all respondents (70%). (Pages 7 & 8)
- Respondents from both groups reported higher seated truck counts compared to last month's survey, with 68% reporting 92% or better seated rate. 71% of all respondents expect to increase recruiting spend in the next six months, while just 2% plan to cut recruiting spend. (Page 9)

### Quotes of the month

- **Up to 100 power units:** "External conditions continue to be very strong, but lack of available drivers has caused significant losses for several months, with little end in sight. We will be forced to reduce the size of our fleet to try to match costs with revenue and the number of drivers that are available in 2021."
- **More than 100 power units:** "We have benefited from taking a risk and hiring drivers throughout 2020. We've expanded our fleet by 100 drivers. We are having to raise prices to our customers to cover the increased cost of driver hiring, retention and insurance costs."



# October 2020 CCJ MarketPulse Report

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CCJ MarketPulse | For-hire trucking executives | Published monthly by *Commercial Carrier Journal*

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## October 2020 CCJ MarketPulse Report

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# Methodology

The October 2020 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.

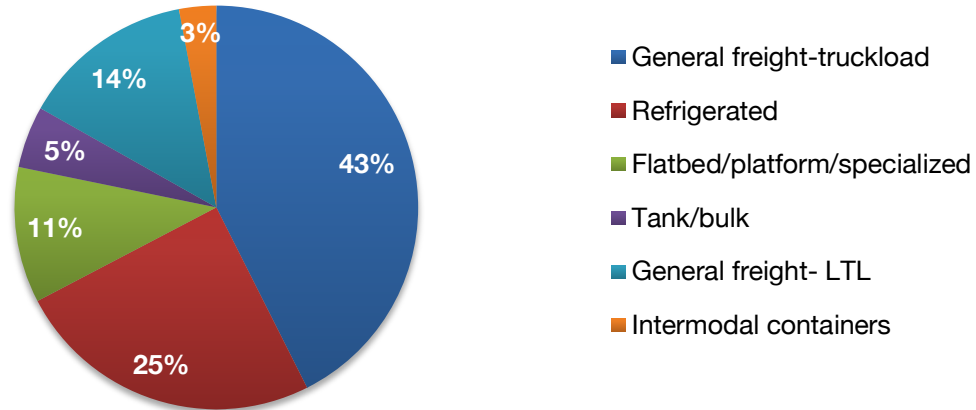
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on November 10, 2020 with reminders sent out on November 12 and November 16, 2020. Out of the total pool, 65 carrier executives completed the questionnaire.

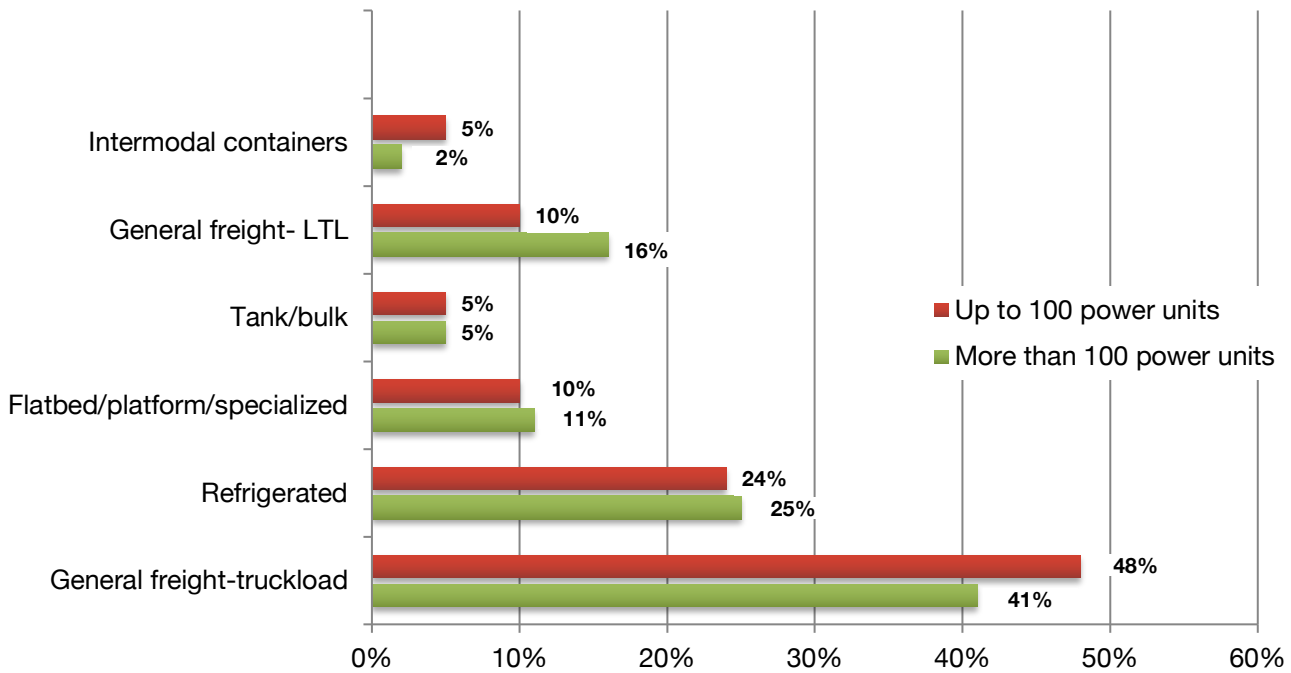
# Demographics

65 respondents

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

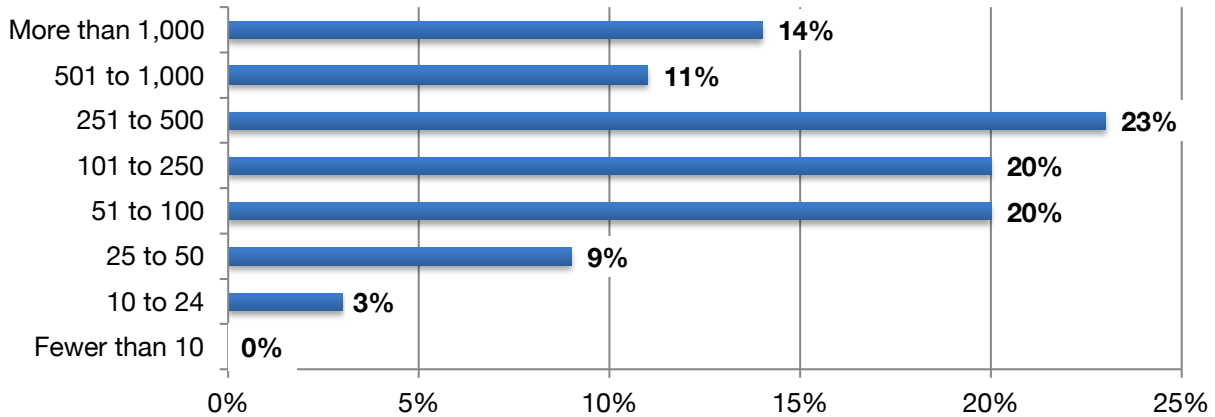


By fleet size:



# October 2020 CCJ MarketPulse Report

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

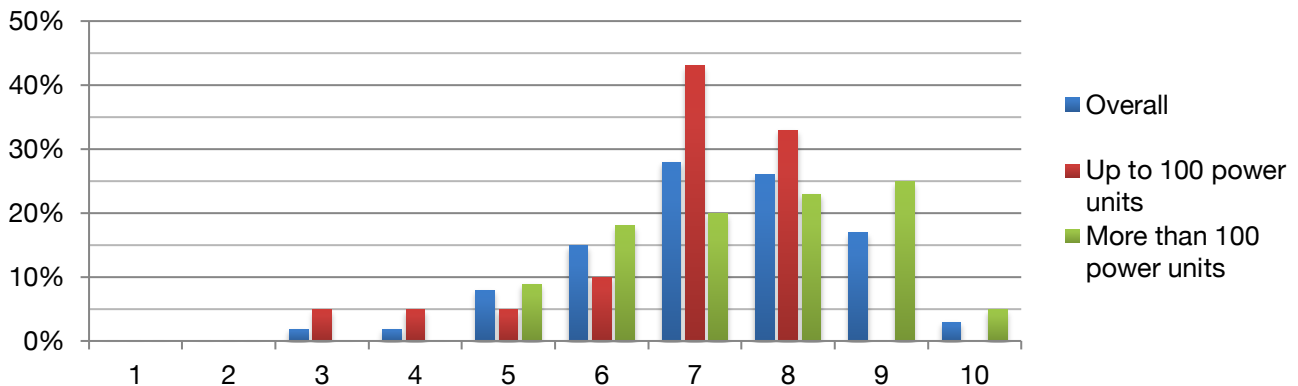


## Business conditions

On a scale of 1 to 10 (1 = worst month ever and 10 = best month ever), how would you rate overall business conditions during October 2020?

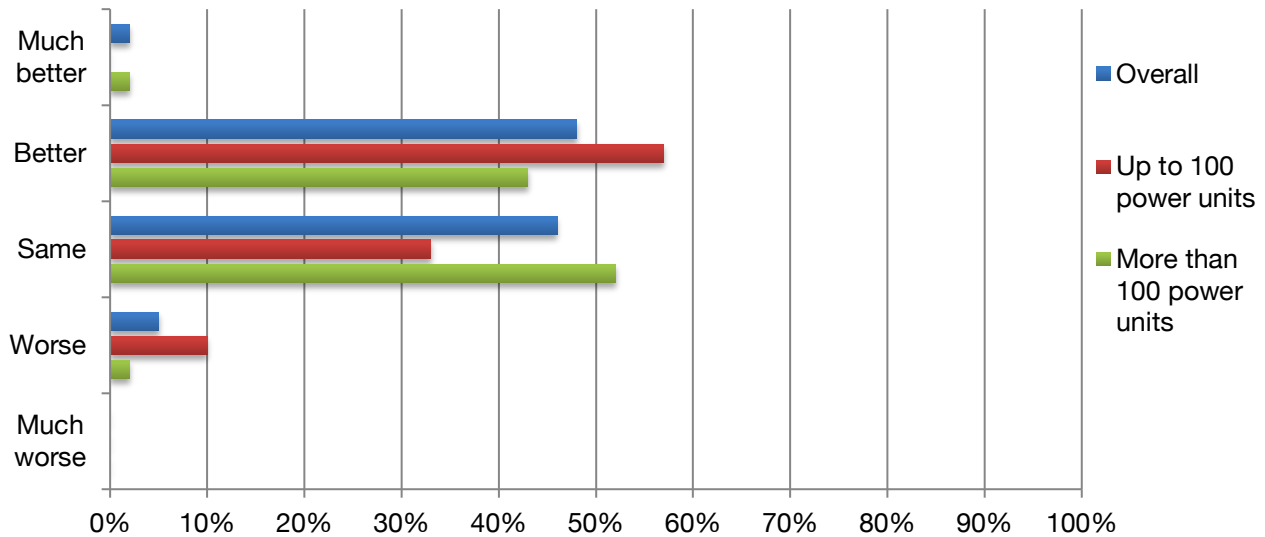
	<u>October 2020</u>	<u>September 2020</u>
<b>Average response:</b>	<b>7.3</b>	<b>7.1</b>
Up to 100 power units:	6.8	6.7
More than 100 units:	7.5	7.2

### Distribution of responses:

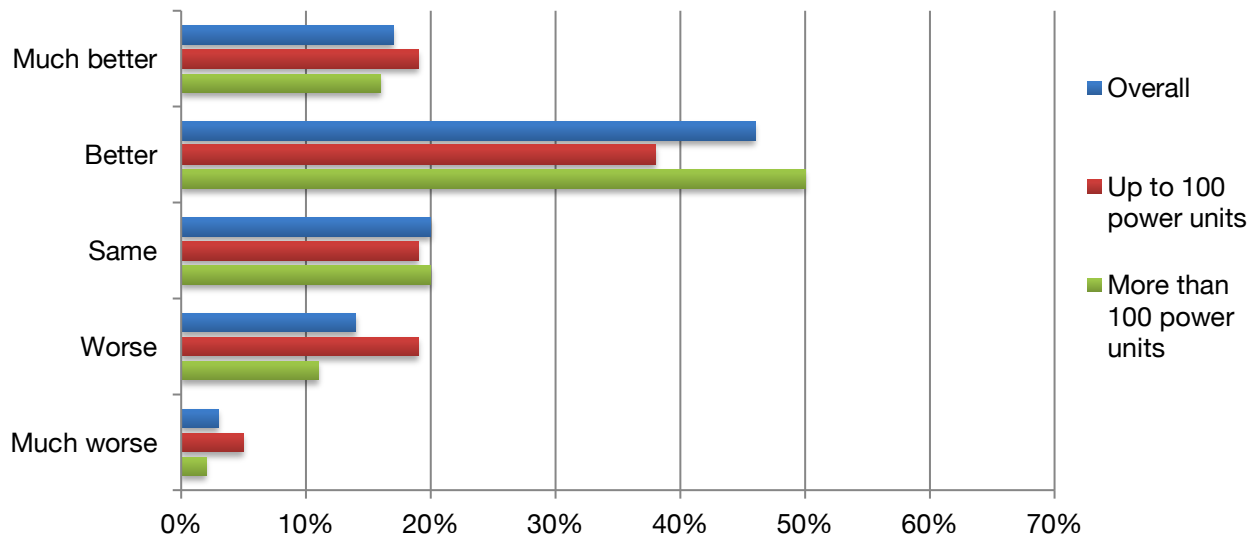


## October 2020 CCJ MarketPulse Report

How did your business do in October 2020 compared to September 2020?

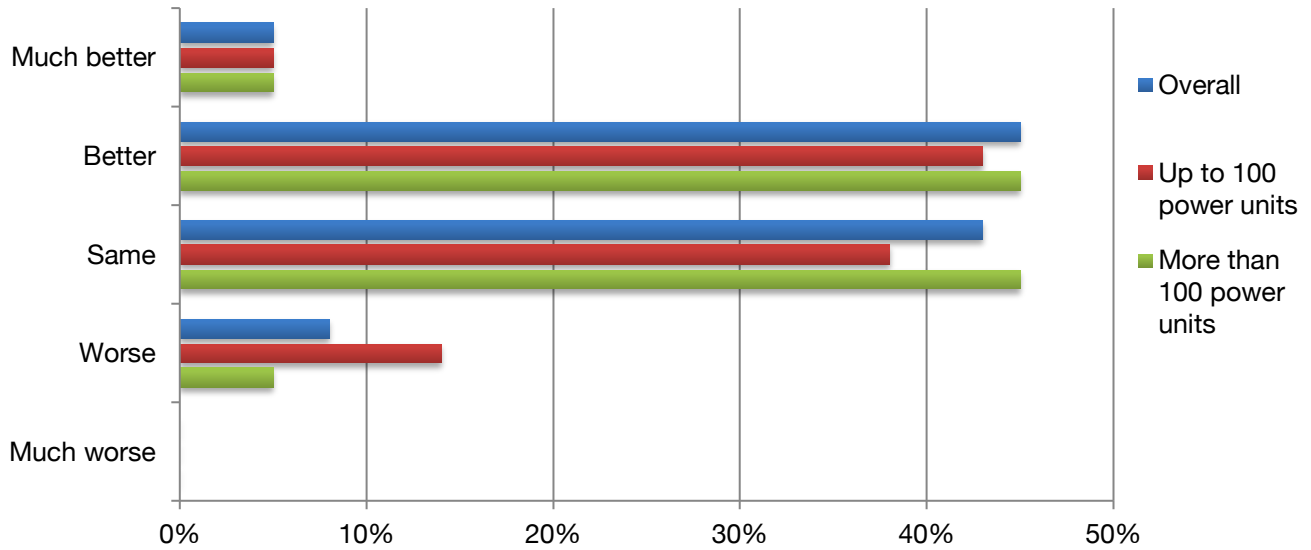


How did your business do in October 2020 compared to October 2019?

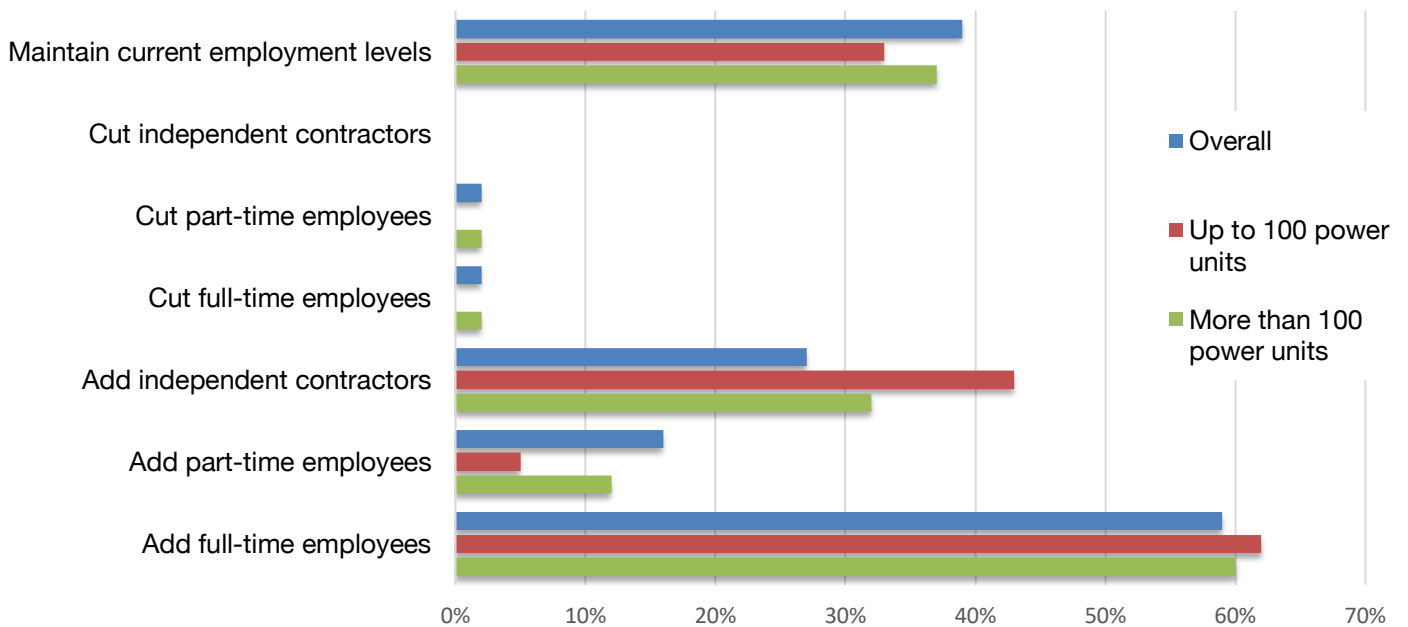


# October 2020 CCJ MarketPulse Report

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

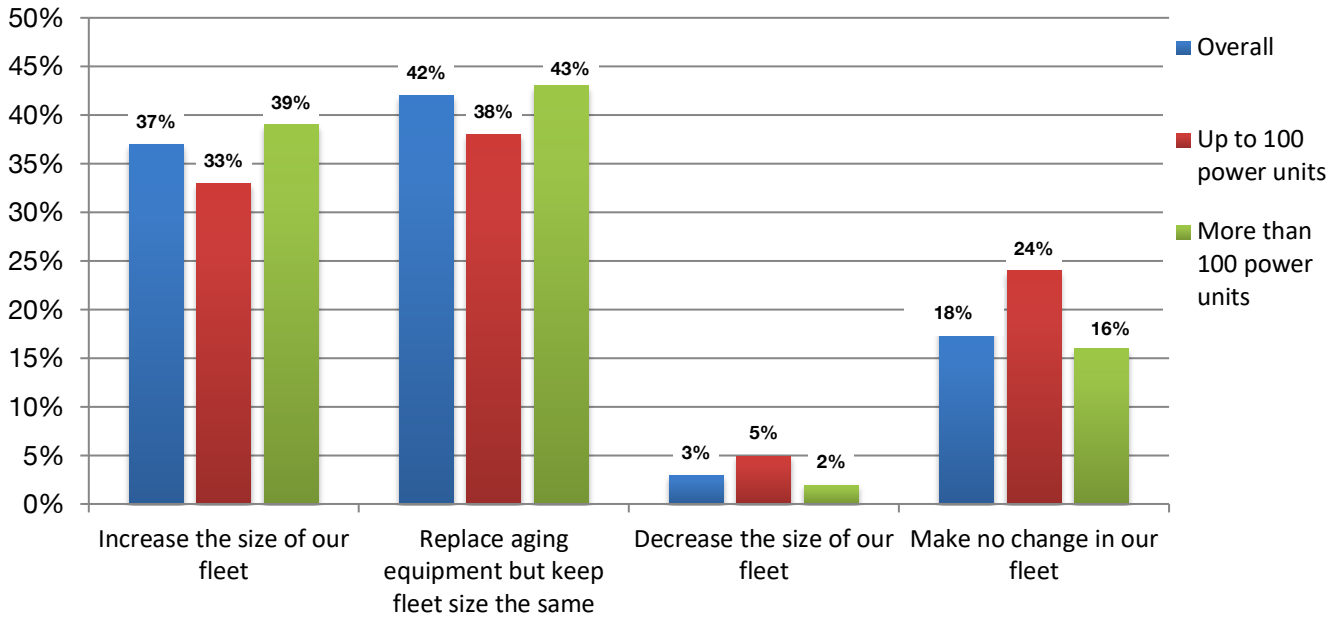


Not counting seasonal employees, in the next 6 months, do you plan to:

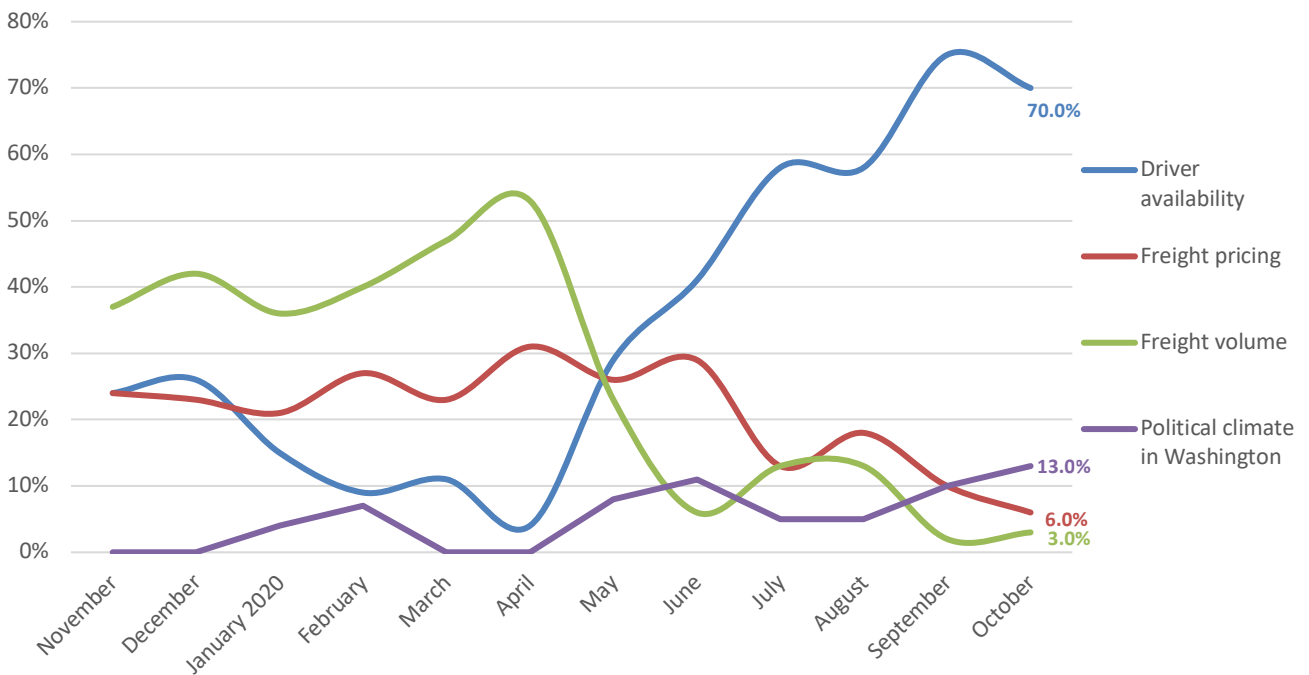


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In the next 6 months, we plan to:



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







## October 2020 CCJ MarketPulse Report

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

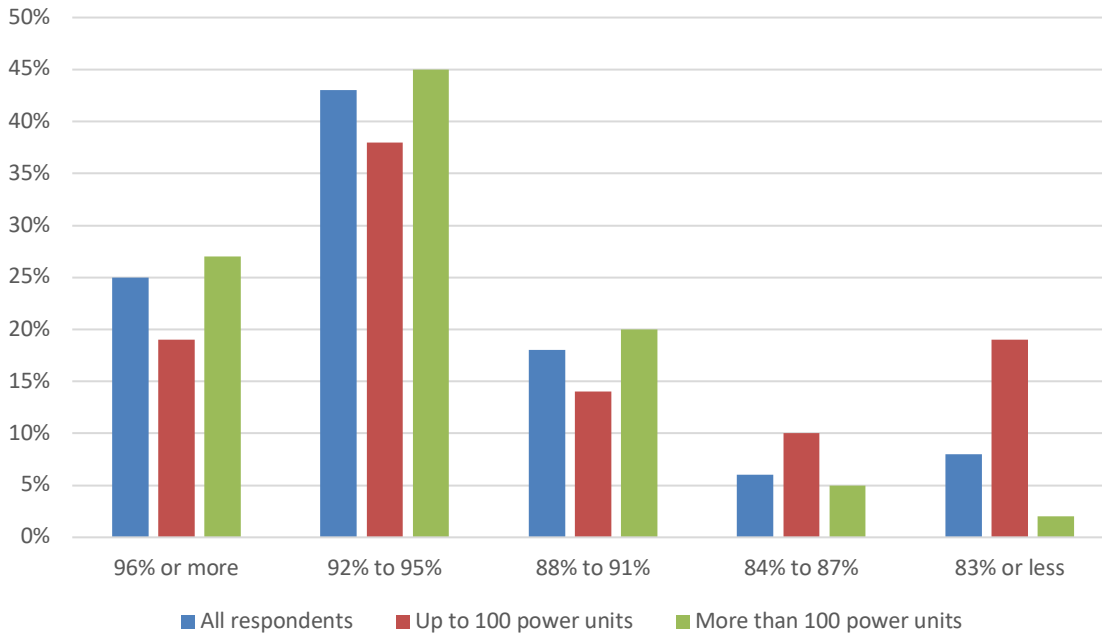
	1 (Biggest concern)	2	3	4	5
Freight volume	4%	4%	17%	5%	12%
Freight pricing	8%	12%	17%	14%	0%
Cash flow	0%	8%	4%	5%	0%
Fuel costs	0%	0%	0%	14%	0%
Driver availability	54%	8%	0%	5%	8%
Cost of labor	4%	28%	13%	5%	4%
Maintenance costs	0%	8%	13%	23%	4%
Cost of equipment	0%	12%	17%	5%	15%
Unionization	0%	0%	0%	0%	8%
Access to credit	0%	0%	0%	0%	8%
Cost of credit	0%	0%	0%	0%	8%
Regulation	0%	4%	17%	5%	12%
Taxes	4%	4%	0%	9%	8%
Political climate in Washington	23%	12%	4%	14%	15%
Other	4%	0%	0%	0%	0%

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

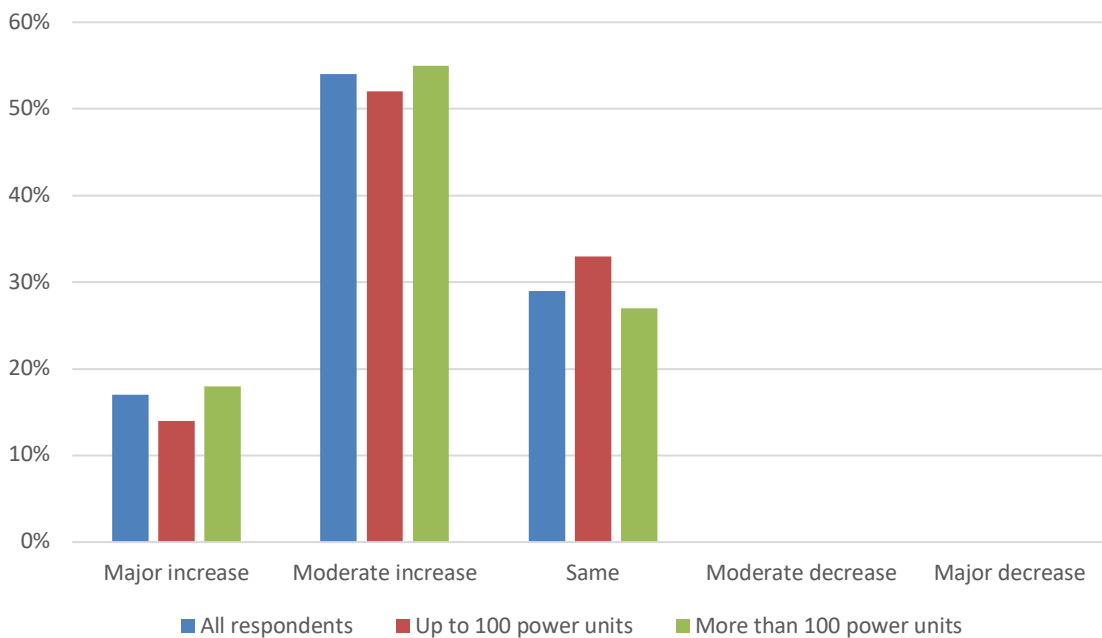
	1 (Biggest concern)	2	3	4	5
Freight volume	2%	14%	28%	0%	8%
Freight pricing	5%	23%	23%	17%	8%
Cash flow	2%	0%	2%	0%	0%
Fuel costs	0%	2%	2%	0%	3%
Driver availability	80%	7%	7%	2%	3%
Cost of labor	0%	34%	5%	5%	3%
Maintenance costs	0%	2%	7%	10%	5%
Cost of equipment	0%	0%	9%	7%	13%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	2%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	0%	7%	2%	14%	25%
Taxes	0%	0%	2%	7%	10%
Political climate in Washington	7%	11%	9%	33%	20%
Other	5%	0%	2%	2%	5%

## October 2020 CCJ MarketPulse Report

### What was your percentage of seated trucks in October 2020?



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



### General comments

#### Up to 100 power units

- Assuming Biden becomes the POTUS, I expect the Trump economy to carry us for a while longer, then I expect Biden to start regulating businesses more by reversing Trumps deregulations, raising taxes, and sending manufacturing back overseas. I expect a slower GDP, pessimistic business outlooks, and basically a return to the excruciating sluggish economic growth and manufacturing that we had with eight years of Obama.
- Two things tend to dog me. Although we are driving more revenue, our profits lag in comparison. Secondly, the life span of new class 8 tractors continues to deteriorate in my humble opinion.
- Buckle up folks, the ride will rough and not for the weak of heart!
- We are busy and almost all of our trucks are seated. Across the board our customers seem to have more loads than available equipment.
- We are clearly in a boom for trucklines like us who live mostly on the spot market. It seems it may hold this way for at least a couple more quarters. I'm very concerned about what's going on and what will go on in Washington. With Bernie Sanders as Labor Secretary it should be interesting. Elizabeth Warren as Secretary of the Treasury should also be interesting. I think we're good for the short term, but I worry about my sons taking over and carrying the business into the future.
- If Biden implements his taxing plan and his desire to cease fracking, we could be in for a long four years.
- Things are somewhat stable. Will they remain under a Democrat? Higher insurance minimums to give trial lawyers a raise. Biden could kill our economy.
- Spot market rates continue to be strong.
- External conditions continue to be very strong, but lack of available drivers has caused significant losses for several months, with little end in sight. We will be forced to reduce the size of our fleet to try to match costs with revenue and the number of drivers that are available in 2021. Despite cutting our turnover rate by 40% in 2020 and adding a recruiter, the recruiting pipeline just hasn't kept up with replacement level, let alone allowed us to continue to grow as we did in 2018 and 2019.
- Business in October fell below our projections and as compared to 2019. November business is starting off better than October did, possibly the hoopla of politics stalled things in October.

(continued)

### More than 100 power units

- Lord help us if Biden steals the election!
- A great time to be in this business! Drivers will be a concern going forward, but that's not a bad thing when we're trying to keep pricing up.
- We have benefited from taking a risk and hiring drivers throughout 2020. We've expanded our fleet by 100 drivers. We are having to raise prices to our customers to cover the increased cost of driver hiring, retention and insurance costs. We will be seeking price increases in 2021 of 8 to 12%.
- Starting to see a leveling off point on LTL freight. Recruitment of drivers is very difficult.
- We are very concerned about the election results. Praying that the Senate remains in the hands of the Republicans so that the damage can be minimized by the 'President Elect'. Socialism is not what our country was founded on nor is it what we all work for. May God bless us and help us!
- Major concern still revolves around the shortage of 'qualified drivers'. Even with pay incentives that are available, the pool of new drivers in the industry is dangerous low. Many continue to say it's a pay issue. However, pay has been increasing over the past few years including many 'improved' sign-on bonuses and benefits. COVID-19 has hurt the schools thus prospective drivers are looking for other occupations. Drivers are considered essential; however, they are faced with continued issues with parking and rest areas being closed or limited. It's a challenging industry when you have a driver shortage, (with pay increasing) and an infrastructure that in need of repair that is causing drivers to be late, unable to perform their duties in a timely matter resulting in loss wages due to delays/HOS. Driver retention is probably more important now than ever.
- Rates are increasing at a blistering pace.