

Market Watch



Want to Find Lost Revenue? Look Up

Love 'em or hate 'em, airlines have figured out how to make money in a regulated environment, and for-hire truckers could learn a few things from their aviated brethren, opines Jim Park in *Today's Trucking* magazine. "The airlines are actually a great example of how to recover otherwise lost revenue by tacking on fees and surcharges where they are warranted. Want a beer? Seven bucks. A sandwich? Eight bucks. You won't get a free lunch anywhere else, so why should you expect one on an airplane?" The article explains how airlines utilize what is called "yield management," – the "process of understanding, anticipating and influencing consumer behavior in order to maximize yield or profits from a fixed, perishable resource (such as airline seats or hotel room reservations)," as Wikipedia explains. Robert Crandall, former chairman and CEO of American Airlines who coined the term, who called it "the single most important technical development in transportation management since we entered deregulation." Instead, trucking leaves loads of money on the table. How so? The editorial continues: "There are the obvious examples such as inadequate fuel surcharges and unbilled detention time, but what about things like cancelled loads, deliveries to remote destinations, day-of-the-week or time-of-day load/unload premiums? You know delivering in Los Angeles on a Friday means a weekend layover ... Charging a premium for delivering on a day, or time of day, that limits your reloading potential would be a good way of influencing the customer's decision. Ever had a load cancelled once the truck is en-route to the pick up? Diverting or sitting that truck is going to cost the driver and the carrier something. Why shouldn't the customer pay for its lack of foresight?" Weight is another big issue. "How many carriers (and brokers, for that matter) charge a flat rate for a truckload whether the weight is 10,000 pounds or 50,000? Weight sure matters to the guy paying for the fuel. The customer should pay accordingly." Other billable extras that spring to mind: "Driver load or unload, special handling, destinations where reloads are difficult, scheduled appointments, team service, temperature-controlled service, multiple-drop, re-consigned loads, weekend deliveries, residential deliveries, security fees, paperwork preparation, scale tickets ..." Park points out that shippers would still have choices if motor carriers were to charge for most things they do. "Shippers that choose to move trucks in and out promptly would not have to pay delay fees. Shippers that insist on 3 a.m. delivery appointment should have to pay for the lost time between the delivery and a potential reload during normal business hours. Loads that deliver to out-of-the-way locations should pay a location charge to cover the deadhead miles back to civilization." Read full article [here](#).



ATRI: Aging Demographics Fueling Driver Shortage

More than half of truck operators in the U.S. are 45 or older, according to data presented last by the American Transportation Research Institute, placing even more stress on the systematic underpinnings of an already problematic driver recruiting and retention problem. In a conference call by Stifel Capital Markets, ATRI President Rebecca Brewster outlined the shifting age demographics among truck operators. As reported by *CCJ magazine*, ATRI states the number of drivers in the 25-34 age group "have decreased significantly" while the industry's current "greatest generation" of truck operators will be retiring within the next decade or so. However, the industry's shift to older employees is a more recent trend than previously thought, Brewster said. "Post-2003, and it might be related to the Great Recession, when a lot of people left and simply didn't return," she said, saying former drivers sought employment in other industries. Brewster reinforced ideas that have been discussed among carrier advocacy groups to tackle the issues, such as the "graduated CDL" idea, likewise a push for more vocational education in high school about careers in transportation, including truck operation. But she also noted data sources that could help carrier operations teams better plan routes to help improve the driver's experience on the road, avoiding the pitfalls on long-distance hauling. The situation ATRI highlights [is not dissimilar in Canada](#), where truck drivers represent the highest pool of workers aged 45 or older.

Class 8 Truck Sales Highest Since '06

There were 30,900 trucks sold in North America in February 2015, according to FTR Associates. While that's a 12-percent drop in orders from the previous month, it's still the best February since 2006 – a 77% year-to-year improvement. Orders have totaled 378,000 units over the last 12 months. Don Ake, FTR vice president of commercial vehicles, commented: "The market has calmed down but is still operating at a very healthy level. The economy and freight demand is more predictable, so orders should follow their cyclical trends for the next few months. It will be important to see how these orders are distributed throughout the year."

Diesel Prices

