

Market Watch



e-Commerce, Uberization Next Big Trucking Disruptors?

Millennial consumers who shop online and expect their purchased orders to be delivered promptly will ensure “multiple years of tremendous growth,” for trucking carriers involved in e-commerce, according to a panel at the *CCJ* Market Movers event at the Great American Trucking Show. The panel was comprised of Montreal’s TransForce Chairman and CEO Alain Bedard, Covenant Transportation Group President David Parker. What was referred to as the “Amazon effect” has driven U.S. e-commerce up 15 percent annually, compared to a mere 2 percent for traditional retail.

“There is a long runway,” says Parker, “with a lot of room to grow. Based on everything we know, to use a baseball analogy, we think e-commerce is at first base.” Bedard says TransForce saw its e-commerce business grow tremendously in the last five years. “This is just the beginning,” Bedard says. “E-commerce has changed the way people do business and that’s going to continue.” The shift toward e-commerce has affected a lot of brick-and-mortar stores, who are finding it harder to compete with their Internet upstarts. In response, traditional retailers are too changing their business model to accommodate online buyers. Meanwhile, the loss of those storefronts is being made up through the use of online shopping and promises of inexpensive, or oftentimes free, shipping. “There is one dynamic that we are keeping an eye on and that’s stock levels of inventory,” Parker says, explaining that companies will be forced to keep high stock levels to ensure that they aren’t out of products. The panelists also discussed another so-called “disruptor”, which is the supposed ‘Uberization’ of the trucking industry. Both agreed that much of the talk about the trucking industry being turned upside down by Uber-like services, the way the cab industry has been affected, is overblown. Bedard said trucking cannot be easily compared to taxis because of the regulatory barriers to entry and operating costs involved. “Trucking is lean and mean but also very capital intensive,” compared to the Uber model of a driver and a personal car, he says. “They are good in a short radius of 3-5 miles. But they cannot compete with a trucking company.”



HR Panel: Trucking Needs Millennial Strategy

If you think that filling your workforce with Millennials is going to be challenging, if not a problematic task, then perhaps it’s time to look in the mirror, says George Arrants, director of training and recruitment for the WheelTime Network. “We created this generation and we expect them to understand the way we think,” he said. “What we need to do is understand the way *they* think,” he told attendees at a panel

session during the 2016 Technology & Maintenance Council (TMC) annual meeting. As reported by *Fleet Owner*, Arrants explained that business owners and HR managers need to change the way they recruit, manage, and retain their workforces if it hopes to secure human resources in the future. And that goes double for trucking – and industry that has inherit challenges in attracting people as it is. He said the oft-derided Millennial generation is by and large are not driven by the amount of money they make. Instead, they need to feel they have a stake in the company. “They are actually very productive; tell them what needs to be done and they’ll do it,” he added. “They don’t have a problem with the rules; largely it’s enforcement of the rules. For example, the consequences of breaking the rules must be equally applied or their simply done with them.” Yet Arrants also stresses there is a vast disconnect in the “life skills” Millennials were taught in school versus the needs of the workplace. “In today’s educational model, absences and tardiness are acceptable. In my work world, you are absent two times, you are fired,” he said. That’s why I say to employers, don’t look at GPA but look at their attendance record. We can’t do anything unless they know how to work.” That being said, other aspects of the Millennial generation could provide recruitment opportunities for the freight industry, if they are tapped in the right way, argues. A recent survey suggested Millennials would rather make \$40,000 a year at job love than \$100,000 a year at a job they feel is boring.

JOC: Top Carriers Reverse Expansion

Economic slowdown reversed expansion at the 100 largest U.S. and Canadian trucking companies in 2015, pulling down their combined revenue 3.1 percent to \$72.4 billion after strong growth in 2014, research by SJ Consulting Group shows. According to the *Journal of Commerce*, the long-term trend for those carriers is still positive. Since the 2009 recession, top 50 LTL revenue increased 43% and last year was 9.7% higher than its 2008 pre-recession peak. Since 2010, Top 50 truckload revenue has risen 28%. Revenue decelerated more quickly at the Top 50 truckload carriers last year, dropping 4.5 percent to a combined \$36.8 billion.

Diesel Prices

