

The Tight Transportation Marketplace



Jonathan Eisen
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International Foodservice Distributors Association
April 8, 2019
Amelia Island, FL



Who We Are

The only organization representing
the foodservice distribution
industry.

\$280 billion
Annual industry revenues

15,000
Distribution centers

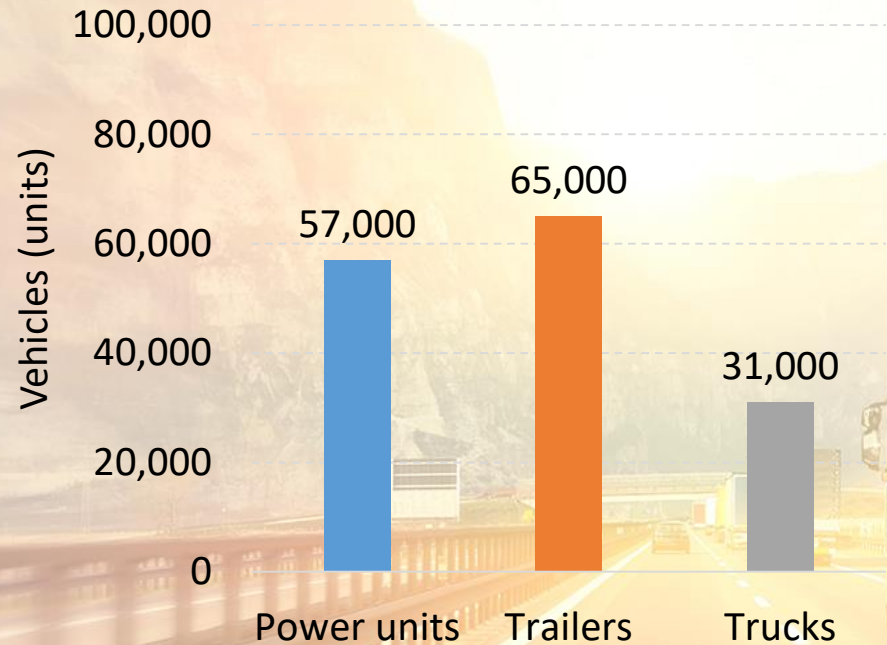
350,000
Industry employees

8.7 billion
Cases delivered annually



Industry transportation snapshot

Vehicles by Type



Vehicle Statistics



3.2 billion
vehicle miles per year

*(Enough for ~1,700 round trips from
the Earth to the Sun and back)*



820 million
gallons of fuel per year



131,000
drivers

*(3.75 percent of all truck
drivers in the U.S.)*

Supply Chains Under Pressure Across the Economy


THE WALL STREET JOURNAL. Robert J. Sala

Home World U.S. Politics Economy **Business** Tech Markets Opinion Life & Arts Real Estate WSJ Magazine


BUSINESS

Trucking Companies Are Struggling to Attract Drivers to the Big-Rig Life

The U.S. freight market is speeding ahead, but recruiting new truck drivers to meet demand is proving harder to rev up



ADVERTISEMENT



Life is On | Schneider Electric
Whirlpool, set to achieve
ZERO WASTE

Trucking companies' efforts to attract new drivers are struggling to keep up with demand.

By Jennifer Smith

APR 05, 2018

food MANAGEMENT

RECENT

Study: Meal delivery programs may cut overall healthcare costs

By Jennifer Smith

APR 05, 2018

Vaughn leaves LAUSD to join Elio

APR 03, 2018

EGGS
Expand menu usage! SEE HOW >

OPERATIONS > PRODUCTION

Truck driver shortage impacting food deliveries

Expect delays and price hikes

Gloria Dawson | Feb 14, 2018

The trucking industry is facing a shortage of drivers, which is impacting food deliveries.

FleetOwner


RECENT

TL spot rates jump as number of loads rises 3.2%

APR 11, 2018

PrePass tops 100,000 trucks in Pacific Northwest

APR 11, 2018




RESOURCE CENTER > DRIVER MANAGEMENT

Survey: Higher-than-average pay for foodservice drivers

Bloomberg

Markets Tech Pursuits Politics Opinion Businessweek

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There Aren't Enough Truckers, and That's Pinching U.S. Profits

By Thomas Black

February 9, 2018, 11:15 AM CST

→ Tyson, Kellogg cite rising freight rates in earnings calls

→ New federal rules intensify long-standing driver shortage

A scarcity of truck drivers is biting into corporate profits.

OpenTable

Mago Grill & ...

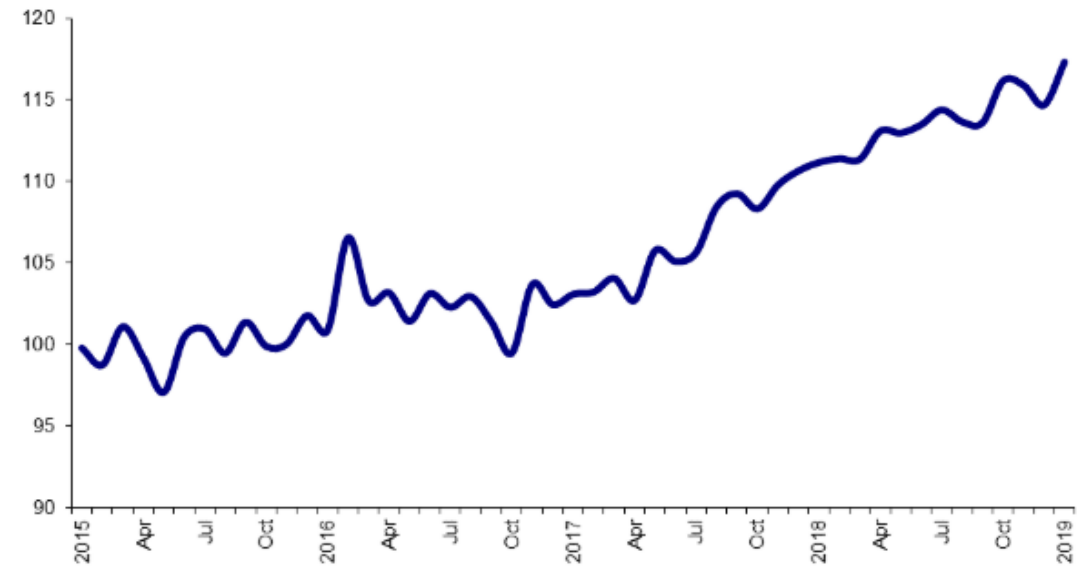
★★★★★ (143)

Reservations | Arlington Heights | \$85

The State of Freight

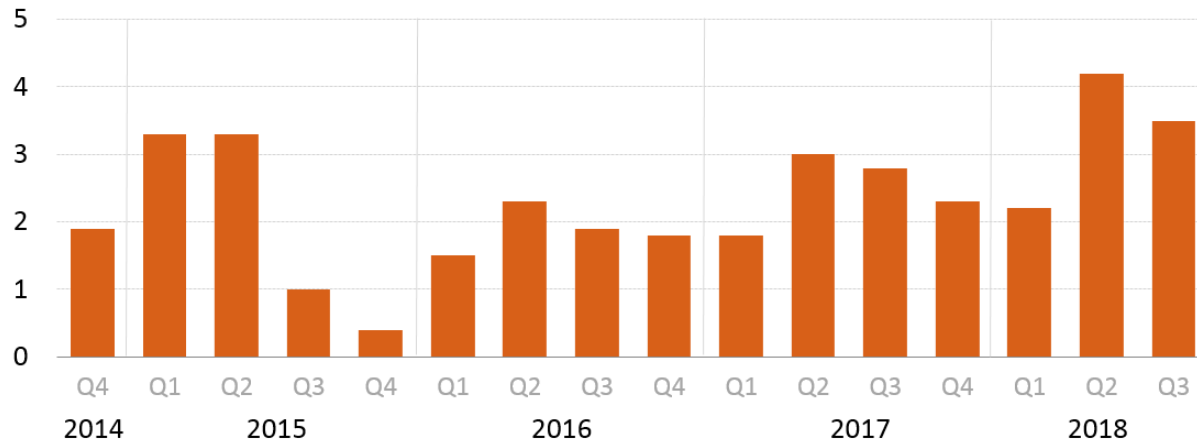
- 71% of nation's freight moves by truck
- 10.5 billion tons annually
- 3.5 million drivers
- Truck tonnage
 - 5.5% increase 2018-2019
 - 6.5% increase 2017-2018
 - Largest increase since 1998

ATA's Truck Tonnage Index
(Seasonally Adjusted; 2015 = 100)



Growing Economy, Tighter Job Market

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

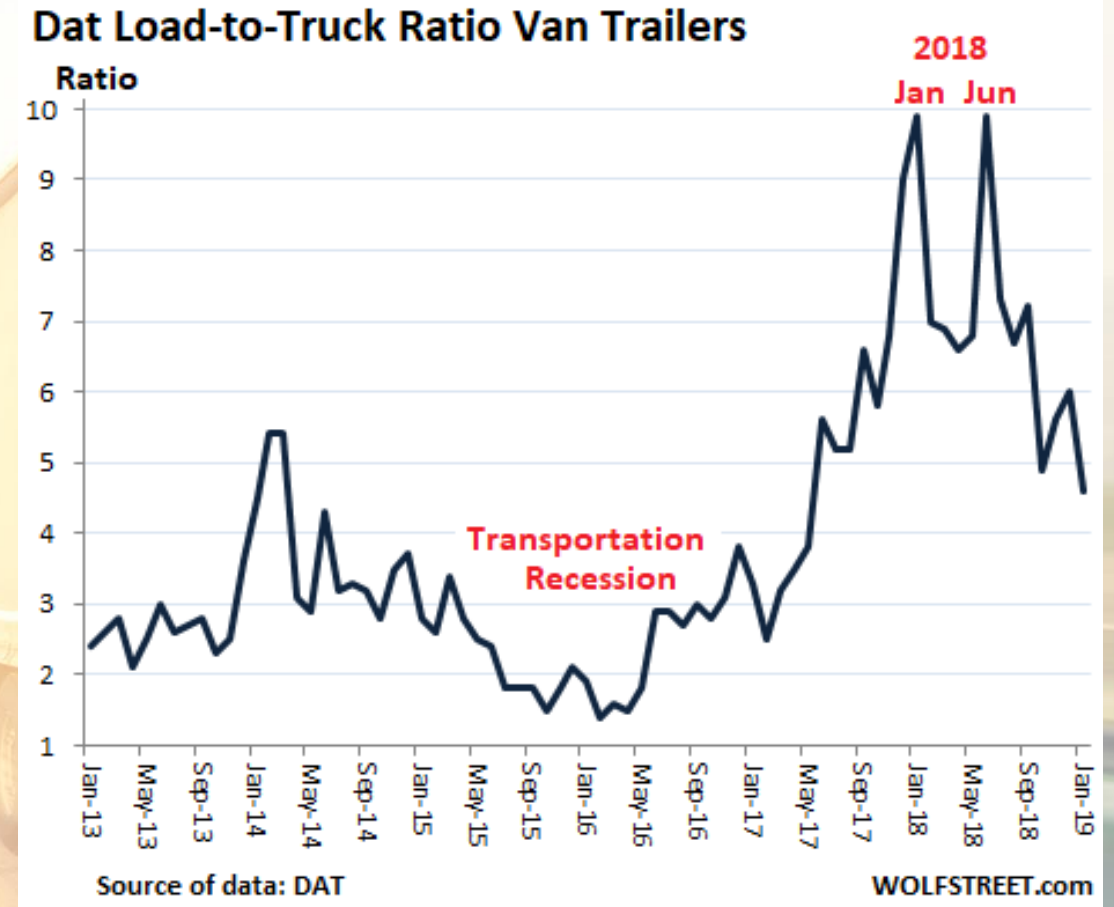
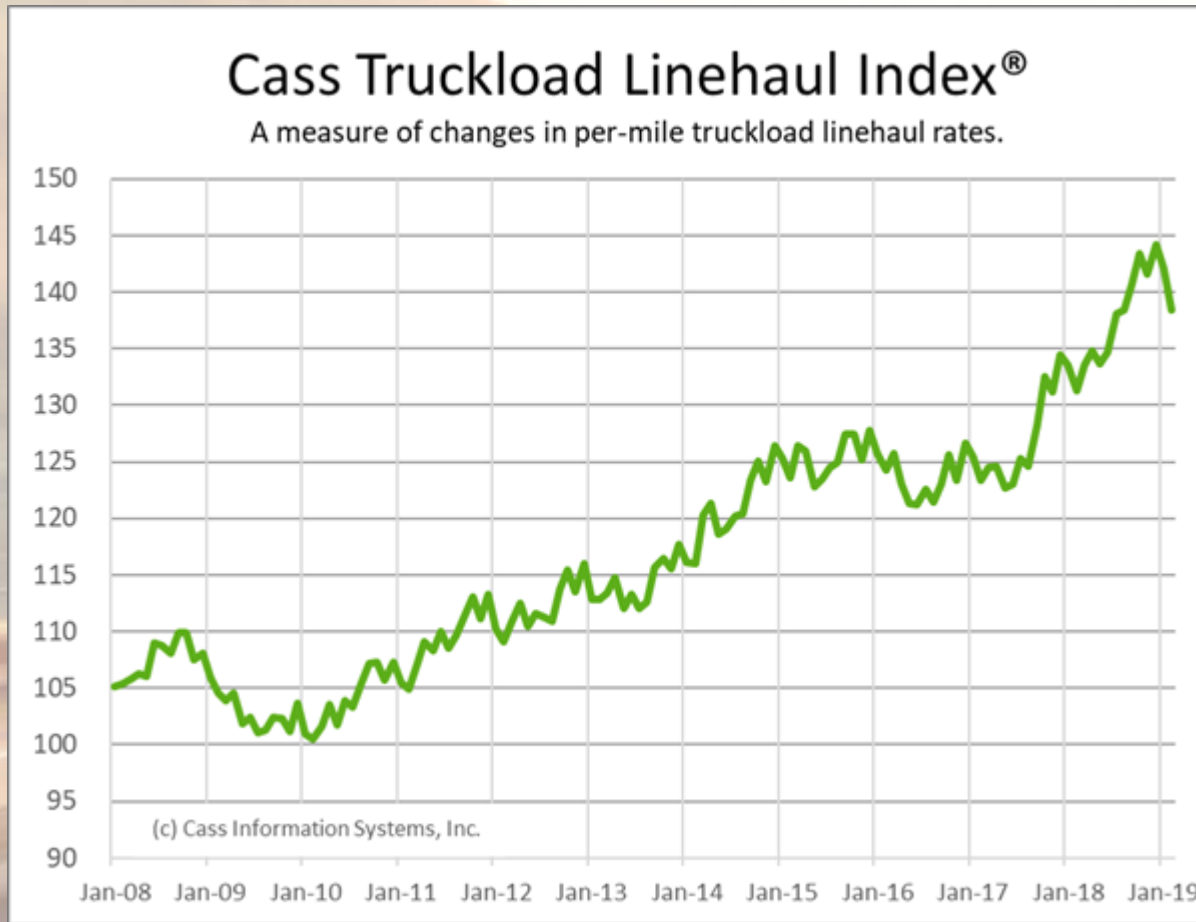
Unemployment rate

Seasonally adjusted



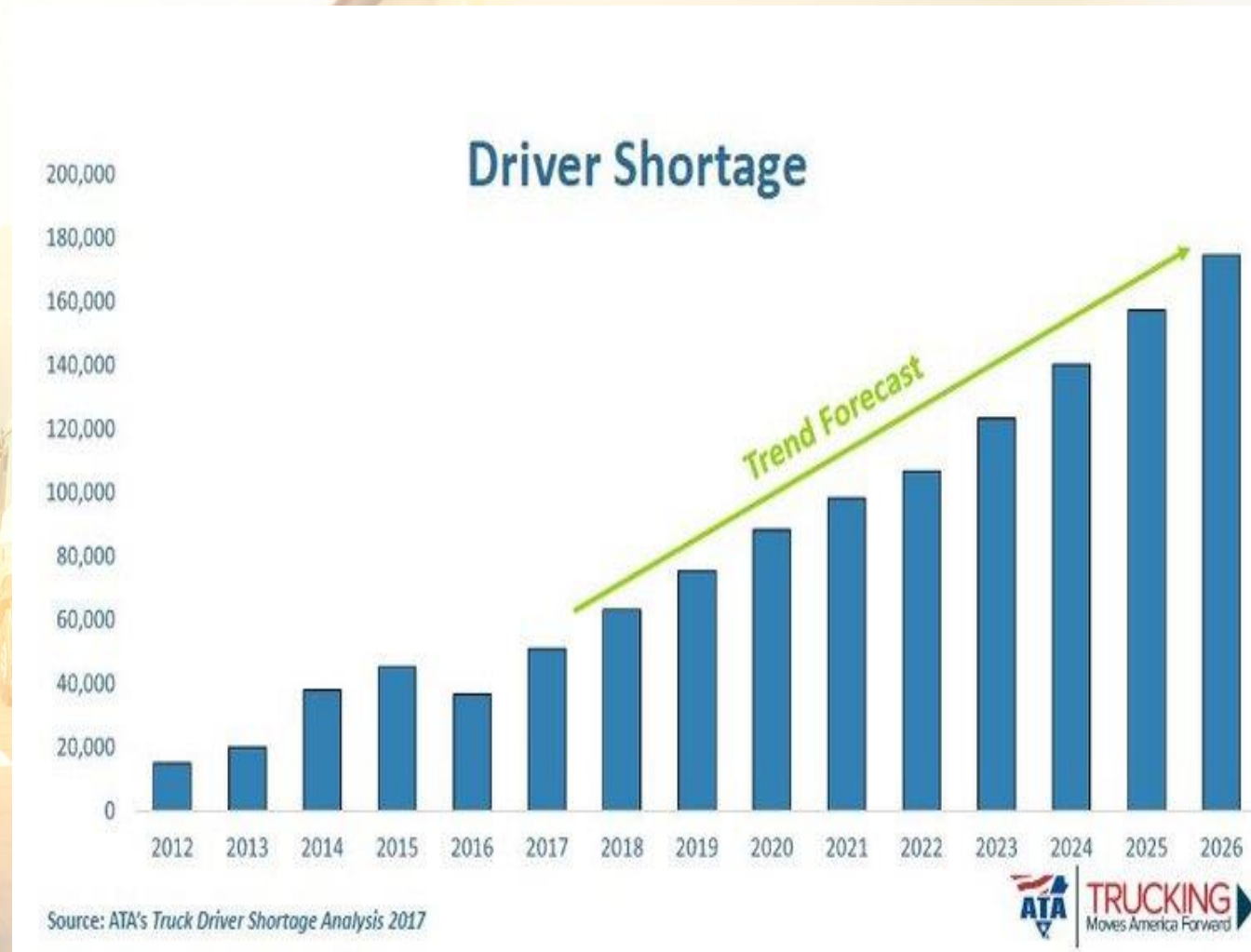
Source: Bureau of Labor Statistics via FRED

The Cost of Freight Has Skyrocketed



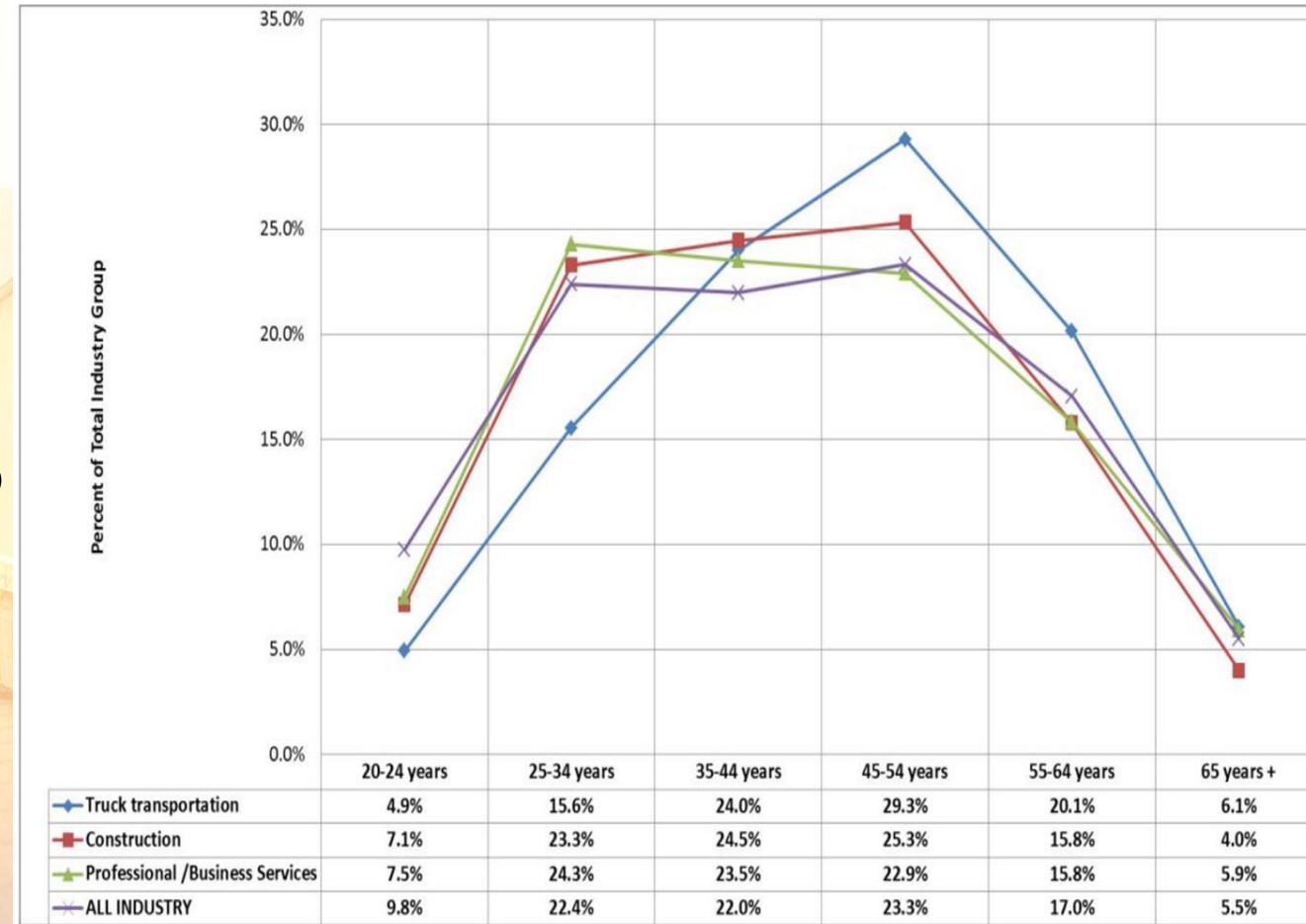
The Driver Shortage

- #1 Concern in ATA survey for 2 straight years
- Annual shortage of 50,000 ^{ATA}
- Expected to increase to 174,000 by 2026 ^{ATA}
- The industry will need to hire 900,000 new drivers in the next decade ^{ATA}
 - 49% to replace retiring drivers ^{ATA}
 - 28% new hires ^{ATA}



The Driver Shortage Demographics

- Average age is 49 ATA
 - 20.5% are under 34
 - 55.5% above 45
- Average age of driver entering CDL school is 35 CVTA
- Only 8% of drivers are women BLS



The Driver Shortage Regulation/Automation

- Electronic Logging Devices
 - Effective last December
 - Forces hours of service compliance
 - 5-15% reduction in capacity?
- Hours of Service
 - Lack of flexibility
- Minimum age of 21
- New technologies like UBER Freight



Solutions: The DRIVE-Safe Act

116TH CONGRESS
1ST SESSION

H. R. 1374

To direct the Secretary of Transportation to issue regulations relating to commercial motor vehicle drivers under the age of 21, and for other purposes.

116TH CONGRESS
1ST SESSION

S. 569

To direct the Secretary of Transportation to issue regulations relating to commercial motor vehicle drivers under the age of 21, and for other purposes.

NOW

vs.

DRIVE-SAFE ACT

- ✓ 18 years old
- ✓ Pass a written exam
- ✓ Pass a driver's test
- ✓ Driver can make a **744 mile trip** from Houston to El Paso, Texas.
- ✗ Cannot cross state lines. Making a **14 mile trip** from Washington D.C. to Springfield, Virginia illegal.

- ✓ 18 years old
- ✓ Pass a written exam
- ✓ Pass a driver's test
- ✓ Log 400 hours of on-duty training
- ✓ Log 240 hours of driving time with an experienced driver in the cab
- ✓ Trucks used for training must be equipped with safety technology:
 - ✓ Active braking collision mitigation systems,
 - ✓ Video event capture, and
 - ✓ Speed governor set at 65 miles per hour or below
- ✓ Driver can participate in interstate commerce, upon successful completion of the training.
- ✓ Driver is able to make a 14 mile trip from Washington D.C. to Springfield, Virginia.

The DRIVE-Safe Act

- Bipartisan legislation in the House and Senate
- Led by Sen. Todd Young (R-IN), Rep. Trey Hollingsworth (R-IN)
- Grassroots support is key
- Write your lawmakers at drivesafeact.com

LEGAL*

ILLEGAL*



San Francisco, CA to Los Angeles, CA
400 miles

Montpelier, VT to Amherst, MA
150 miles

Concord, NH to Boston, MA
70 miles

Providence, RI to Hartford, CT
85 miles

DOES THIS MAKE SENSE?
OF COURSE IT DOESN'T. TELL CONGRESS TO FIX IT.

#DRIVESafeAct **DRIVESafeAct.com**

* For an 18-20 year old with a CDL

Solutions: Hours of Service

- ELD's have increased compliance
- New rule could create flexibility
 - 30 minute rest break
 - 14 hour on-duty cap
 - Short haul exemption
- NPRM expected shortly
- Tight timeframe to finalize



Solutions: What You Can Do Today

- Focus on your operation
 - All about getting drivers in and out faster
 - Identify key pain points
 - Appointment times
 - Loading and unloading
 - Paperwork
 - Driver lounges
- Make your company attractive to carriers
- Work with customers to improve backhaul opportunities



Long Term Outlook

- Driver shortage continues
- Ongoing rise in e-commerce
 - Additional pressure for last mile
 - Additional demand for couriers
- New technologies continue
- Infrastructure
- Cannabis concerns
- Automation?



Thank You

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