

# Upside surprise

US LTL sector sees ongoing rebound on rising share of retail freight

By William B. Cassidy

**FOR THE 25 LARGEST** less-than-truckload (LTL) carriers in the United States, 2020 could have been a lot worse. Despite volume dropping precipitously during early stages of the COVID-19 pandemic and resulting economic recession — the deepest since the Great Depression — the combined revenue of those operators fell only 2.7 percent to \$38.2 billion for the year, according *The Journal of Commerce's* Top 25 US LTL Carrier Rankings, prepared by SJ Consulting Group.

Compare that downturn with the 23.8 percent plunge in revenue for the same group of companies in 2009, during the peak of the most recent recession. At that time, the top 25 LTL operators reported combined revenues of roughly \$22 billion.

After growing at a relatively steady pace from 2010 through 2018, including a 10.7 percent year-over-year jump in 2018, revenue growth at the 25 largest US LTL providers hit the brakes in 2019, with combined sales inching up just 0.7 percent to \$38.8 billion.

These numbers tell several stories. The first is a story of two very different recessions, one caused by a financial collapse and the other by a public health crisis. The second is a tale of long-term growth in the LTL business, a sector of trucking that is being slowly but steadily transformed by the expansion of e-commerce and greater use of logistics technology.

The Great Recession of 2008–09 saw a steep drop in spending and loss of consumer confidence that lasted for several quarters. In contrast,

last year's recession saw a massive drop in consumer spending in the second quarter that was then offset by spending on physical goods, especially online, during the third and fourth quarters.

That difference is reflected in the results of the top 25 LTL carriers.

For example, Waco, Texas-based regional LTL carrier Central Freight Lines reported the highest revenue growth among the Top 25 LTL carriers in 2020, thanks in part due to the acquisition of Volunteer Express, a Tennessee-based carrier offering LTL, truckload, and intermodal services, in March 2020.

Last year's 10.3 percent increase in top-line revenue at Central Freight followed a 6.5 percent drop in revenue in 2019. The acquisition of additional capacity helped the carrier pivot back toward growth in 2020, despite the volatile economic environment. During the 2009 recession, Central Freight fared worst among the Top 25 LTL carriers, with revenues plummeting 47.3 percent from 2008.

Overall, however, only eight of the top 25 standalone LTL carriers increased revenue last year, compared with 15 companies in 2019 and 22 carriers in 2018, which was the strongest year for truck freight revenue in the last decade. In 2009, every carrier in the rankings lost revenue.

## LTL turns to retail

The lagging US industrial recovery, which didn't begin until last fall, is one reason so few LTL companies made year-over-year gains. The LTL sector is closely tied to industrial manufacturing, which represents about 60 percent of total trucking tonnage in the country, according to economic data from the US Census Bureau, and an even higher percentage of tonnage and revenue for many LTL carriers.

However, retail and e-commerce freight, in particular "middle-mile" freight destined for end-of-the-line distribution and fulfillment centers, is taking up more space in LTL trailers.

"The middle mile for the retail sector was a huge contributor to shipment and revenue growth for the industry," said Satish Jindel, president of transportation research and consulting firm SJ Consulting Group. "For those LTL carriers who have



Revenue at the top 25 US LTL carriers slid 2.7 percent in 2020, a far cry from the 23.8 percent drop seen during the 2009 recession. Shutterstock.com

traditionally avoided retail customers, it may be time to re-evaluate that thinking and look beyond just handling shipments where their trucks can bump the docks," meaning industrial loading docks, Jindel said.

Estes Express Lines, the largest privately owned US LTL carrier, had the fastest rate of organic growth among the top 25 LTL carriers last year, increasing revenue 8.2 percent to \$3.1 billion after growing just 2.1 percent in 2019. Now the fourth-largest standalone LTL provider, Estes gained \$1 billion in revenue between 2014 and 2020. In 2010, the Richmond, Virginia-based carrier reported \$1.4 billion in revenue and ranked seventh on the list of top 25 LTL companies.

According to Jindel, Estes' rapid revenue growth "validates that retail can be a growth sector for even LTL carriers, in addition to the parcel industry."

LTL carriers increasingly are delivering freight to big box stores, shopping centers, and other locations where there might not be a loading dock at all, especially in urban areas. That also includes the delivery of some large and bulky goods straight to consumers' homes.



## Shedding weight

### Truckload carriers reduce fleet size as revenues slide

By William B. Cassidy

The largest US truckload operators fared worse last year in some respects than their less-than-truckload (LTL) counterparts, according to *The Journal of Commerce's* Top 25 US Truckload Carrier Rankings, as their combined revenue fell 2.9 percent in 2020 to \$30.9 billion, compared with a 2.7 percent drop in top 25 LTL revenue.

But the 25 largest truckload carriers represent a smaller portion of their sector of trucking than the top 25 LTL trucking companies. The top 25 US for-hire truckload carriers reported \$31.8 billion in revenue in 2019, about 8 percent of the \$394.6 billion the American Trucking Associations estimated as total revenue for the entire truckload sector.

By comparison, the top 25 LTL carriers collected 90.7 percent of the \$42.1 billion total LTL revenue in 2020 and 91.1 percent in

2019, according to SJ Consulting Group, which prepares the annual truckload and LTL rankings.

Eighteen of the top 25 truckload carriers saw revenue drop from 2019. Of the eight carriers that raised their top line, NFI Industries was the fastest-growing, increasing its revenue 25.2 percent thanks in part to the acquisition of G&P Trucking in December 2019.

As the market careened downhill in the first half of 2020, many of the largest truckload carriers began reducing their fleets, and many did not begin adding trucks when demand returned and capacity tightened. "This year's rankings include many carriers with a large decline in revenue driven by a reduction in fleet size," said Satish Jindel, president of SJ Consulting Group.

Schneider National, for example, saw its truckload revenue drop 13.8 percent after eliminating 1,036 trucks from its available fleet. However, Schneider increased its truckload profit 61 percent in the fourth quarter.

The drop in combined top 25 truckload revenue reflects the impact of the COVID-19 pandemic and recession on carriers in the first half of 2020. Spot rates tumbled in March, April, and May, and carriers that weren't moving essential goods found themselves without freight.

The second half of 2020 was very different, with a surge in retail demand spurred by e-commerce that made available truckload capacity tighter than it had been even in 2018, the last boom year for trucking. Spot prices climbed to record highs from June through January, and contract rates began to rise in the second half of 2020.

Still, the recovery did not completely erase the negative effects of the recession on freight demand. Although retail goods shipments recovered completely and rose higher year over year, industrial volumes did not. That helped suppress the combined revenue of the top 25 truckload carriers, even though they are more retail-oriented as a group than their LTL counterparts.

The industrial recession hit companies like Daseke, a flatbed and specialized hauler, the hardest, pulling its revenue down 15.3 percent, the largest decline among the group.

But contract truckload rate increases and continued increases in retail and industrial volumes are likely to produce very different results in 2021.

A lack of available truck drivers will continue to be the biggest drag on truckload growth. In January, the truckload sector had yet to recover all the drivers it lost in March and April 2020.

Jindel pointed out that LTL volumes declined more than LTL revenue in 2020, dropping a combined 5.4 percent at seven of the top 25 carriers, according to an SJ Consulting Group analysis. The same carriers saw their revenue decline 4.5 percent.

“That’s an indication carriers are doing a better job of capturing price for the cubic attributes of their shipments, enabled by deployment of thousands of dimensioning machines,” he said.

The increase in e-commerce-related LTL freight and dimensional pricing “presents a great opportunity for the LTL industry to correct many of the ills of the past,” Jindel said, including the use of thousands of outdated published tariffs, discounted rates, and paper bills of lading.

### Upward long-term trajectory

The revenue growth since 2009 also tells a story of strong long-term growth in demand for LTL services, with the top 25 LTL carriers increasing their combined revenue 50 percent between the recessions that bookended the last decade.

“In spite of a major decline in shipment volume from March through May, the industry recovered nicely in the third quarter and fourth quarter.”

The LTL sector as a whole, which represents about 10 percent of overall for-hire trucking revenue, first broke the \$40 billion revenue mark in 2018 and took in more than \$42.1 billion in revenue in 2020, according to SJ Consulting Group.

The mild annualized decline in revenue also disguises a significant rebound at many LTL carriers in the second half of 2020, when freight demand, buoyed by e-commerce, rose after plummeting in the second quarter as states shut down economies as the COVID-19 virus spread. Several LTL carriers reported volumes fell as much as 20 percent in April alone.

“In spite of a major decline in shipment volume from March through May due to COVID-19-related business closures, etc., the industry recovered nicely in the third quarter and fourth quarter,” said Jindel. If the top 25 LTL carrier rankings were biannual rather than annual, the lists for the first and second halves of 2020 would look very different.

The extent of the mid-year rebound can be judged by how much each carrier increased revenue, or by how much its revenue shrank, year over year in 2020.

Revenue declines at individual carriers ranged from 0.7 percent at Roadrunner Freight to 8.3 percent at regional Yellow subsidiary Holland. Six companies, including all four of Yellow’s operating brands, Old Dominion Freight Line (ODFL), and XPO Logistics, saw revenue drop more than 5 percent.

### JOC Top 25 US Less-Than-Truckload Carriers

2020 revenue, including fuel surcharges, in millions of US dollars

2020 Rank	Carrier Name	2019 Revenue	2020 Revenue	Y-O-Y % change
1	<b>FedEx Freight</b> <i>Excludes FedEx Custom Critical</i>	\$7,454	\$7,115	-4.5%
2	<b>Old Dominion Freight Line</b> <i>Lowest full-year Operating Ratio among public LTL carriers</i>	\$4,055	\$3,961	-2.3%
3	<b>XPO Logistics</b>	\$3,841	\$3,575	-6.9%
4	<b>Estes Express Lines</b> <i>Fastest growth in 2020 and largest private carrier by revenue</i>	\$2,824	\$3,055	8.2%
5	<b>UPS Freight</b> <i>Sold to TFI in January 2021</i>	\$3,004	\$2,898	-3.5%
6	<b>YRC Freight</b> <i>Last year for separate reporting, part of new Yellow Corp.</i>	\$3,049	\$2,844	-6.7%
7	<b>ABF Freight System</b>	\$2,088	\$2,036	-2.5%
8	<b>R+L Carriers</b>	\$1,972	\$1,973	0.1%
9	<b>Saia Motor Freight Line</b> <i>Fastest growth among public LTL carriers in 2020</i>	\$1,787	\$1,822	2.0%
10	<b>Southeastern Freight Lines</b>	\$1,242	\$1,256	1.1%
11	<b>Holland</b> <i>Last year for separate reporting, part of new Yellow Corp.</i>	\$1,084	\$994	-8.3%
12	<b>Central Transport International</b>	\$856	\$871	1.8%
13	<b>Averitt Express</b>	\$873	\$831	-4.8%
14	<b>Dayton Freight Lines</b>	\$679	\$669	-1.5%
15	<b>Pitt Ohio Transportation Group</b> <i>Pitt Ohio Exp., Dohrn Transfer, US Special Delivery, Ross Express</i>	\$670	\$653	-2.5%
16	<b>Forward Air</b> <i>Airport to airport LTL shipment revenue</i>	\$675	\$626	-7.3%
17	<b>AAA Cooper Transportation</b>	\$612	\$602	-1.6%
18	<b>Roadrunner Transportation</b> <i>Asset light operating model</i>	\$433	\$430	-0.7%
19	<b>Reddaway</b> <i>Last year for separate reporting, part of new Yellow Corp.</i>	\$421	\$389	-7.6%
20	<b>A. Duie Pyle</b>	\$386	\$380	-1.6%
21	<b>Daylight Transport</b> <i>Asset light operating model</i>	\$262	\$270	3.1%
22	<b>New Penn Motor Express</b> <i>Last year for separate reporting, part of new Yellow Corp.</i>	\$278	\$261	-6.1%
23	<b>Central Freight Lines</b> <i>Acquired Volunteer Express in March, 2020</i>	\$232	\$256	10.3%
24	<b>Oak Harbor Freight Lines</b>	\$230	\$237	3.0%
25	<b>Ward Trucking Corporation</b>	\$186	\$183	-1.6%
<b>TOTAL TOP 25 LTL CARRIERS</b>		<b>\$39,193</b>	<b>\$38,187</b>	<b>-2.6%</b>
<b>ALL OTHER CARRIERS</b> <i>Performed better than the top 25 LTL carriers</i>		<b>\$3,806</b>	<b>\$3,918</b>	<b>2.9%</b>
<b>TOTAL LTL MARKET</b>		<b>\$42,999</b>	<b>\$42,105</b>	<b>-2.1%</b>

Revenues for LTL operations only, unless otherwise indicated, and includes Canadian operations

Source: Company Reports and SJ Consulting Group estimates  
Prepared by SJ Consulting Group, Inc.

**SJ**  
Consulting Group, Inc.

## JOC Top 25 US Truckload Carriers

2020 revenue, including fuel surcharges, in millions of US dollars

2020 Rank	Carrier Name	2019 Revenue	2020 Revenue	Y-O-Y % change
1	<b>Knight-Swift Transportation*</b> <i>Includes combined Truckload revenues of Knight and Swift</i>	\$3,953	\$3,786	-4.2%
2	<b>J.B. Hunt Transport Services*</b>	\$2,518	\$2,659	5.6%
3	<b>Prime</b>	\$2,107	\$2,088	-0.9%
4	<b>Schneider National*</b> <i>Revenue per truck per week declined from \$3,668 to \$3,592</i>	\$2,397	\$2,066	-13.8%
5	<b>Landstar System*</b>	\$2,057	\$2,033	-1.2%
6	<b>Werner Enterprises*</b>	\$1,887	\$1,826	-3.2%
7	<b>U.S. Xpress Enterprises*</b>	\$1,521	\$1,513	-0.5%
8	<b>CRST International</b>	\$1,469	\$1,388	-5.5%
9	<b>Daseke*</b> <i>Decrease in industrial freight volumes and business consolidations</i>	\$1,395	\$1,182	-15.3%
10	<b>Crete Carrier Corp.</b>	\$1,151	\$1,171	1.7%
11	<b>Penske Logistics</b> <i>Acquired Black Horse Carriers in December 2020</i>	\$1,110	\$1,101	-0.8%
12	<b>Ryder Systems*</b> <i>Lower contractual sales in late 2019 and early 2020</i>	\$1,163	\$1,008	-13.3%
13	<b>CR England</b>	\$995	\$888	-10.8%
14	<b>PS Logistics</b> <i>Acquired Southeast Logistics, Diamond State Trucking, and Wilmar Trucking</i>	\$744	\$832	11.8%
15	<b>Ruan Transportation Management Services</b>	\$885	\$812	-8.2%
16	<b>NFI Industries</b> <i>Acquired G&amp;P Trucking in December 2019</i>	\$604	\$756	25.2%
17	<b>Western Express</b>	\$684	\$722	5.6%
18	<b>TFI International*</b> <i>Includes revenue for TFI U.S. Truckload including CFI and Transport America</i>	\$759	\$714	-5.9%
19	<b>Marten Transport*</b> <i>Driven by 16.5% revenue growth in Dedicated segment</i>	\$644	\$689	7.0%
20	<b>Heartland Express*</b> <i>Acquired Millis Transfer in September 2019</i>	\$597	\$645	8.0%
21	<b>Stevens Transport</b>	\$646	\$638	-1.2%
22	<b>Cardinal Logistics</b>	\$622	\$620	-0.3%
23	<b>Anderson Trucking Service</b>	\$636	\$600	-5.7%
24	<b>Covenant Transportation Group*</b> <i>Operating fleet reduction and lower fuel surcharge revenue</i>	\$677	\$591	-12.7%
25	<b>First Fleet</b>	\$551	\$534	-3.1%
<b>TOTAL TOP 25 TRUCKLOAD CARRIERS</b>		<b>\$31,772</b>	<b>\$30,862</b>	<b>-2.9%</b>

Revenues primarily for truckload operations and may include less than 10 percent for non-truckload services

\*Publicly Traded Company

Source: Company Reports and SJ Consulting Group estimates

Prepared by SJ Consulting Group, Inc.



But lower revenue doesn't necessarily pull down the bottom line. Both ODFL and XPO were highly profitable in 2020, posting operating ratios of 77.4 percent and 86.2 respectively for the full year; the lower the operating ratio, the higher the profitability of a company before taxes and other charges. Yellow, formerly YRC Worldwide, reported a loss for the year but cut that loss substantially from 2019. For the full year, its operating ratio was 98.7 percent.

"While publicly traded carriers such as ODFL, Saia, and XPO reported impressive operating margins for 2020, many private carriers also had equally good operating margins in 2020, which shows that the LTL market is ripe for margin improvements, even for other publicly traded carriers that are still operating below 10 percent operating margins," said Jindel.

**Is smaller better?**

The smallest LTL carrier in the rankings, Ward Trucking, reported \$183 million in revenue in 2020, while the largest, FedEx Freight, took in \$7.1 billion.

"Many private carriers also had equally good operating margins in 2020, which shows that the LTL market is ripe for margin improvements."

The number of carriers with more than \$1 billion in annual revenue shrank by one to 10, with Holland's revenue dropping to \$994 million.

The 10 carriers in that billion-dollar club saw their combined revenue drop 2.5 percent year over year to \$30.5 billion, 80 percent of the total top 25 LTL carrier revenue, down from an 82.5 percent share in 2019. The seven carriers in the \$500 million-to-\$1-billion revenue class lost more on a percentage basis, with their combined top line slipping 3.7 percent to \$5.2 billion.

Meanwhile, sales at the eight carriers with less than \$500 million in revenue dropped only 0.9 percent to \$2.4 billion. And the smallest carriers of all — i.e., those that didn't make the top 25 rankings — actually grew their aggregate revenue 2.9 percent to \$3.9 billion, about the same as ODFL's revenue, after seeing sales drop 8.5 percent in 2019 from a 2018 peak of just over \$4 billion.

Small regional or localized LTL carriers may also be riding the e-commerce wave, providing capacity for local fulfillment and delivery, while their larger competitors carve out middle-mile business. That would be yet another example of how the growth of online sales is reshaping supply networks and how businesses decide to move goods by truck. [JOC](#)

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