

# Parcel power

E-commerce drives lopsided US trucking revenue expansion

By William B. Cassidy

**THE KEY TO** growth for the 50 largest US trucking operators last year was simple: The more a business was tied to e-commerce, the more it grew. It helped to have a strong dedicated trucking business, too, though not all dedicated contract carriers did equally well. Trucking companies that made acquisitions in 2019 or 2020 also outperformed many of their peers, according to the latest annual JOC Top 50 US Trucking Companies rankings, prepared for *The Journal of Commerce* by SJ Consulting Group.

This year's rankings are unusual, but 2020 was the most unusual year since the rankings were first launched in 2004. The US economy careened into the worst recession since the Great Depression, but quickly bounced back despite the continued spread of the COVID-19 pandemic.

Strong consumer spending in the second half of 2020 lifted freight revenue and prevented the type of cataclysmic event seen in 2009, when the largest trucking companies saw their combined top line plummet 17.7 percent. The JOC Top 50 Trucking Companies had a combined revenue growth rate of 7.4 percent in 2020, raising their total revenue to \$169.6 billion from a revised \$157.9 billion in 2019.

That underscores the difference between the Great Recession, caused by an economic crisis that severely curtailed consumer spending, and the 2020 recession, caused by a public health crisis that ultimately spurred consumer spending on physical goods, especially goods purchased online. US consumers spent \$844 billion online from March 2020 through February this year, according to Adobe Analytics.

That's \$183 billion more than



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expected, the equivalent of a second online holiday shopping season. US consumers spent \$188.2 billion online last November and December, Adobe Analytics said in its Digital Economy Index, released in February. As a result, parcel carriers and the US Postal Service delivered a record 3 billion-plus parcels in November and December, according to ShipMatrix, an SJ Consulting company.

The 7.4 percent gain in Top 50 Trucking revenue last year compares with a 1.3 percent increase in 2019 and a 12.2 percent gain in 2018. But last year's gains weren't shared evenly, unlike in 2018, when carriers saw revenue increase across



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the board. In fact, 30 of the Top 50 trucking firms lost revenue year over year in 2020. Only seven companies increased revenue by double-digit percentages. Most of those trucking operators either were very large, hauled parcels, or both.

When grouped by industry sector, parcel carriers accounted for 47.2 percent of the Top 50 combined revenue last year, up from 42.9 percent in 2019. Every other sector — truckload, less-than-truckload (LTL), and intermodal marketing and drayage companies — saw their share of the Top 50 revenue pie decline, with truckload fleets registering a 2.2 percentage point drop and LTL carriers shedding 1.6 percentage points.

Two additional parcel companies joined the Top 50 last year: LaserShip and OnTrac. Further, they were the fastest growing companies in the rankings, with LaserShip's revenue skyrocketing 58.2 percent to \$715 million and OnTrac's revenue jumping 34.6 percent to \$832 million. FedEx and UPS increased their

### Fastest Growing US Trucking Operators

Annualized revenue growth rate, revenue in USD millions

Company Name	Sector	2020 Revenue	Growth rate
LaserShip	Parcel	\$715	58.2%
OnTrac	Parcel	\$832	34.6%
NFI Industries	TL	\$1,599	33.8%
FedEx	Parcel	\$34,038	18.0%
UPS	Parcel	\$44,418	17.6%
Evans Network of Companies	Drayage	\$1,426	16.9%
PS Logistics	TL	\$951	11.8%

Source: SJ Consulting Group

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ground and trucking revenue 18 percent and 17.6 percent, respectively.

“The parcel carriers had a great year, and they contributed a large share to that 7.4 percent gain in Top 50 revenue,” said Satish Jindel, president of SJ Consulting Group. OnTrac and LaserShip, which operate smaller, regional networks compared with UPS and FedEx, benefited from restrictions the nationwide carriers placed on parcel volumes, as well as from surcharges that sent businesses with spiking online sales looking for delivery alternatives.

The carriers in the Top 50 rankings have increased their combined revenue in every year since the 2009 recession, though growth rates fluctuated as the US went through periods of stronger growth, such as in 2014 and 2018, and soft patches, first in 2012 and 2013 and then in 2016 and 2017 and in 2019. Last year’s 7.4 percent gain beat the Top 50’s five-year compound annual growth rate of 5.5 percent.

Intermodal marketing companies (IMCs) and drayage companies — i.e., those hauling freight to and from ports and inland railyards — saw their share of total Top 50 revenue drop 0.3 percentage points to 9.2 percent despite

**Parcel carriers increased their share of total Top 50 Trucking revenue from 42.9 percent in 2019 to 47.2 percent last year.**  
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increasing their combined revenue as a group by 3.2 percent to \$15.5 billion. They were the only sector of the Top 50 outside of parcel carriers to increase revenue year over year in 2020.

J.B. Hunt Transport Services, the third-largest US trucking operator, contributed a large share of that growth, driven by its dedicated contract and brokerage divisions as well as its intermodal operation.

“The parcel carriers had a great year.”

#### Truckload, LTL revenue drop

The 28 truckload carriers among the Top 50 saw combined revenue drop 1.5 percent, with 20 of the truckload companies suffering a drop in revenue ranging from 0.2 percent at Landstar to 16.3 percent at specialized flatbed hauler Daseke. Companies that saw a burst of revenue likely benefited from acquisitions.

Alabama-based PS Logistics, for

example, increased revenue 11.8 percent to \$951 million in 2020 after acquiring Celadon Logistics in April 2019. Celadon Logistics had a North American revenue run rate of \$150 million at the time. Iowa-based Heartland Express increased revenue 8.1 percent to \$645 million in 2020 after acquiring Millis Transfer in August 2019.

Companies with strong brokerage divisions, the revenue of which is included in the Top 50 rankings, did well in the second half of 2020 in particular, when capacity was short and in high demand, Jindel said. According to the JOC Top 50 Global 3PL (third-party logistics provider) rankings, also prepared by SJ Consulting, brokerage firms like TQL, Echo Global Logistics, Transplace, and Global-Tranz grew revenues by double-digit percentages last year.

The Top 50 Trucking rankings include 14 LTL carriers that account for 18.9 percent of the Top 50 carriers’ combined revenue. Those LTL carriers saw their overall revenue slip 1 percent to \$32.1 million in 2020. The eight LTL carriers that registered revenue declines saw sales drop an average of 3.2 percent, with the largest decline reported by Averitt Express (down



8.5 percent). Six LTL carriers increased revenue, led by an 8.2 percent gain at Estes Express Lines.

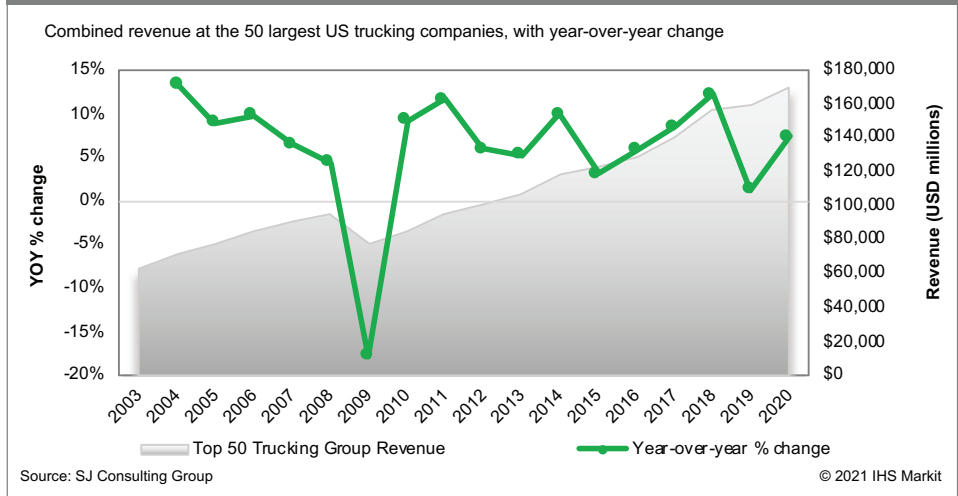
According to Jindel, Estes added business in the retail sector “more aggressively than other LTL carriers.” The Richmond, Virginia-based company also continued to invest in tractors and trailers and did not furlough employees when the economy crashed in April 2020. That positioned Estes ahead of many competitors when the economy began to rebound and freight demand rose sharply just a few months later.

Among the 20 Top 50 companies that increased their revenue in 2020, the average gain was 11.8 percent, 6.7 percent if the parcel carriers are excluded. That’s pretty good considering US real GDP fell 3.5 percent last year, the worst annual drop in US GDP since 1946, when the economy contracted 11.6 percent following demobilization from World War II.

For the 30 Top 50 companies that saw revenue drop, the average decrease was 4.2 percent. That also isn’t bad considering the extent to which the

US economy contracted in the first half of 2020. US GDP dropped 5 percent sequentially in the first quarter and then went into free fall, dropping

Top 50 trucking revenue rises 7.4 percent in 2020



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31.4 percent in the second quarter, as 14.6 million net private sector jobs were lost from April through June.

Many companies could attribute a portion of their revenue loss to lower fuel surcharges, Jindel said. The average US retail price of diesel dropped from \$3.08 per gallon in early January 2020 to about \$2.39 per gallon by May, and ranged between \$2.38 and \$2.45 per gallon through November, according to the Energy Information Administration data used in motor carrier fuel surcharge formulas.

The average diesel pump price climbed above \$3.00 per gallon on

March 1 for the first time since the week that ended Jan. 27, 2020 and was \$3.13 per gallon in the week that ended April 12. Higher fuel surcharge revenue and average contractual rate increases in the low double digits for both truckload and LTL carriers will set the ground for much more spectacular Top 50 revenue increases in 2021.

### A long-term expansion

A decrease in revenue isn't necessarily a bad thing, Jindel pointed out, especially if a company improves its profitability while reducing revenue by controlling its freight volume

and mix. That's exactly what Old Dominion Freight Line did in 2020, increasing its net profit 9.3 percent to \$672.7 million despite a 2.3 percent decline in revenue to \$4 billion.

In the longer term, the story for the Top 50 trucking companies is still one of expansion. Since 2009, the 50 largest US motor carriers have raised their combined revenue by \$91.5 billion. In 2003, there were just 12 trucking companies with more than \$1 billion in annual revenue. Last year, the 31 "billion-dollar carriers" in the rankings increased their combined revenue 7.8 percent

### JOC Top 50 US Trucking Companies

Revenue in millions of USD

2020 Rank	Parent Company	Primary Service	Public/Private	2019 Annual Revenue	2020 Annual Revenue	YOY % Change	Subsidiary Portfolio / Services & Comments
1	United Parcel Service of America	Parcel	Public	\$37,776	\$44,418	17.6%	Ground, Freight, Brokerage
2	FedEx Corporation*	Parcel	Public	\$28,842	\$34,038	18.0%	FedEx Ground, FedEx Freight, FedEx Custom Critical
3	J. B. Hunt Transport Services	IMC	Public	\$9,165	\$9,637	5.1%	Intermodal, Truckload, Dedicated Contract, Integrated Capacity Solutions
4	XPO Logistics	LTL	Public	\$7,240	\$7,189	-0.7%	LTL, Brokerage, Intermodal, Last Mile
5	Knight-Swift Transportation	TL	Public	\$4,844	\$4,674	-3.5%	Reflects combined operations of Knight and Swift
6	YRC Worldwide	LTL	Public	\$4,871	\$4,514	-7.3%	YRC Freight, Holland, Reddaway, New Penn
7	Landstar System	TL	Public	\$4,109	\$4,099	-0.2%	Dry-Van, Flatbed, LTL, Intermodal
8	Old Dominion Freight Line	LTL	Public	\$4,109	\$4,015	-2.3%	Most profitable asset-based publicly-held trucking company
9	Schneider National	TL	Public	\$4,009	\$3,842	-4.2%	Truckload, Intermodal, Brokerage
10	Hub Group	IMC	Public	\$3,668	\$3,496	-4.7%	Intermodal, Logistics, Brokerage, Dedicated
11	Estes Express Lines	LTL	Private	\$2,824	\$3,055	8.2%	Largest privately-owned LTL carrier
12	ArcBest Corp.	LTL	Public	\$2,814	\$2,803	-0.4%	ABF Freight, ABF Logistics, Panther Premium Logistics
13	Prime Inc	TL	Private	\$2,432	\$2,383	-2.0%	Prime Refrigerated, Prime Flatbed, Prime Tanker
14	Werner Enterprises	TL	Public	\$2,464	\$2,372	-3.7%	One-way TL, Dedicated, Value-Added Services
15	R & L Carriers	LTL	Private	\$1,972	\$1,973	0.1%	LTL, Truckload
16	Saia	LTL	Public	\$1,787	\$1,822	2.0%	Saia LTL Freight, Saia TL Plus, LinkEx
17	TFI International	TL	Public	\$1,754	\$1,777	1.3%	US revenue only. Truckload, LTL, Parcel and Courier, Logistics
18	U.S. Xpress Enterprises	TL	Public	\$1,707	\$1,742	2.0%	U.S. Xpress, Total Transportation
19	NFI Industries	TL	Private	\$1,195	\$1,599	33.8%	Dedicated, Intermodal, Brokerage, Drayage
20	Kenan Advantage Group	TL	Private	\$1,759	\$1,572	-10.6%	Bulk-Tank
21	CRST International	TL	Private	\$1,561	\$1,503	-3.7%	Truckload
22	Daseke	TL	Public	\$1,737	\$1,454	-16.3%	Flatbed, Specialized, Brokerage
23	Evans Network of Companies	Drayage	Private	\$1,220	\$1,426	16.9%	Drayage, Truckload
24	C. R. England	TL	Private	\$1,407	\$1,327	-5.7%	Truckload, Intermodal, Brokerage
25	Ryder System	TL	Public	\$1,367	\$1,263	-7.6%	Dedicated Contract Carriage, Last Mile
26	Southeastern Freight Lines	LTL	Private	\$1,242	\$1,256	1.2%	LTL, Truckload
27	Averitt Express	LTL	Private	\$1,318	\$1,206	-8.5%	LTL, Truckload, Dedicated

to \$155 billion. That's 91.4 percent of total Top 50 revenue.

In other words, the big truckers are getting bigger. When examined by revenue class, the two carriers with more than \$10 billion in trucking revenue, UPS and FedEx, increased that revenue 17.8 percent to \$78.5 billion in 2020. Companies in the \$5-billion-to-\$10-billion revenue class, which include J.B. Hunt and XPO Logistics, increased their combined revenue 2.6 percent to \$16.8 billion.

The seven companies in the \$3-billion-to-\$5-billion revenue class saw their top line drop 2.6 percent to a combined \$27.7 billion in 2020. All but

“Given the negative impact of the pandemic and recession on the economy, the Top 50 did very well.”

one of those companies, Estes Express, lost revenue from 2019. The \$1-billion-to-\$3-billion revenue class, with 20 companies, experienced a 0.9 percent decrease in revenue to \$32 billion, with 12 companies suffering a revenue shortfall compared with 2019.

The 19 carriers with less than \$1

billion in annual revenue bucked the trend, increasing combined revenue 3 percent to \$14.6 billion, 8.6 percent of total Top 50 revenue. Excluding parcel carriers OnTrac and LaserShip, however, combined revenue at the remaining 17 carriers dropped 0.4 percent to \$13.1 billion.

“Given the negative impact of the pandemic and recession on the economy, the Top 50 did very well,” Jindel said. “It was a good year regardless of sector for the Top 50 trucking companies.” **JOC**

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### JOC Top 50 US Trucking Companies

Revenue in millions of USD

2020 Rank	Parent Company	Primary Service	Public/Private	2019 Annual Revenue	2020 Annual Revenue	YOY % Change	Subsidiary Portfolio / Services & Comments
28	Crete Carrier Corp.	TL	Private	\$1,151	\$1,171	1.7%	Crete Carrier, Hunt Transportation, Shaffer Trucking
29	Forward Air	LTL	Public	\$1,102	\$1,151	4.5%	Expedited LTL, Drayage, Premium Truckload
30	Penske Logistics	TL	Private	\$1,110	\$1,101	-0.7%	Dedicated
31	Universal Truckload Services	TL	Public	\$1,171	\$1,092	-6.7%	Truckload, Drayage
32	Alliance Shippers	IMC	Private	\$993	\$969	-2.5%	Intermodal, Brokerage
33	PS Logistics	TL	Private	\$851	\$951	11.8%	Flatbed, Specialized, Brokerage
34	Marten Transport	TL	Public	\$843	\$873	3.6%	Truckload, Dedicated, Intermodal, Brokerage
35	Central Transport	LTL	Private	\$856	\$871	1.8%	LTL
36	Covenant Transportation Group	TL	Public	\$885	\$839	-5.3%	Covenant Transport, Southern Refrigerated Transport, Star Transportation, Covenant Transport Solutions, Landair, Landair Logistics
37	OnTrac	Parcel	Private	\$618	\$832	34.6%	Parcel
38	Pitt Ohio Transportation Group	LTL	Private	\$856	\$829	-3.1%	LTL, Truckload, Ground
39	Ruan Transportation Management Services	TL	Private	\$885	\$812	-8.2%	Dedicated, Bulk
40	United Road Services	TL	Private	\$779	\$776	-0.4%	Motor vehicle trucking; acquired Fleet Car Carriers in December 2018
41	Cardinal Logistics	TL	Private	\$776	\$774	-0.3%	Dedicated Contract Carriage, Brokerage
42	Quality Distribution	TL	Private	\$789	\$759	-3.8%	Quality Carriers, Boasso America, QC Energy
43	Western Express	TL	Private	\$685	\$722	5.4%	Dry-Van, Flatbed
44	LaserShip	Parcel	Private	\$452	\$715	58.2%	Parcel
45	AAA Cooper Transportation	LTL	Private	\$730	\$714	-2.1%	LTL, Dedicated
46	Dayton Freight Lines	LTL	Private	\$686	\$676	-1.4%	LTL, Truckload
47	Heartland Express	TL	Public	\$597	\$645	8.1%	Truckload
48	Stevens Transport	TL	Private	\$646	\$638	-1.2%	Truckload, Intermodal
49	KLLM	TL	Private	\$620	\$618	-2.7%	KLLM, FFE Transportation
50	Anderson Trucking Service	TL	Private	\$636	\$601	-5.6%	Dry-Van, Specialized, Heavy Haul
<b>Total Revenue for the Top 50 Trucking Companies</b>				<b>\$157,910</b>	<b>\$169,584</b>	<b>7.4%</b>	

\* Results adjusted to closer resemble calendar year

Note: Companies listed have primary operations in the US. Includes brokerage revenues of listed trucking companies but excludes pure brokers.

Includes intermodal revenues for companies with container ownership

Source: Company Reports, SJC estimates

Prepared by SJ Consulting Group, Inc.