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WHITE PAPER

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TRUCKSTOPS & TRUCK DRIVERS – A CHANGING RELATIONSHIP

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*Truckers' home away from home has moved
and that is impacting truckstops.*

*By Tom Stanford
With contributions from
Jim Beach and Doug Condra*

Truck drivers and truckstops have a long and storied history together. In the 1940s and '50s, the iconic truckstop cup of coffee and sassy (but kind-hearted) truckstop waitress became part of the nation's cultural fabric, celebrated in movies and songs. As the interstates became reality, long-haul trucking and truckstops grew together into major industries, each a vital part of the nation's transportation network. Truckstop operators built huge businesses, not only selling fuel, food and truck services, but also serving as a "home away from home." They grew to offer showers, laundries, movie rooms and a variety of entertainment offerings.



BETTE GARBBER

There are now more trucks than ever on the nation's highways, and an ever-growing number of fueling stops to serve them. But the relationship between truck drivers and truckstops has evolved in recent years, just as truckstops themselves evolved. For a number of reasons the truckstop, with a few notable exceptions, is no longer so much a home away from home as it is a place to park.

Truckers still use truckstops to buy fuel and food. But research indicates that when parked at truckstops, drivers now spend the bulk of their time in their cab "homes," minimizing time spent inside the truckstops themselves. A number of factors contribute to this major shift in driver behavior. Consolidation in the truckstop and trucking industries, and growth of large warehouse/distribution facilities play key roles. So have new technologies, new hours of service rules and a

DEFINING MAJOR CHAINS

Currently, there are five nation wide truckstop chains (TA, Petro, Flying J, Pilot and Loves) operated by four entities (recently, Petro was acquired by TravelCenters of America).

About half are large facilities with a lot of parking space and many driver amenities. These locations also tend to include truck shops/garages. The other half are much smaller with few driver amenities and limited parking. They are mostly oriented to non-trucking traffic, although they are major diesel retailers to the trucking industry.



changing workforce. This new pattern of driver behavior should be of interest to any company seeking to market to truck drivers.

CHANGING INDUSTRIES

The first truckstops sold fuel. They were truckstops because their facilities had room for trucks to park. Soon, operators added food and other offerings such as showers, bunk facilities and tire repair. Still, selling fuel was how a truckstop operator made his or her profit. But for many years now, fuel has been a commodity; the profit a truckstop can make on a gallon of diesel most often averages just a couple of cents at best.

To cope, truckstops added many other profit centers such as a variety of food, game rooms, movies, shops and a variety of driver services. This became the rite of survival for independent truckstop operators, as they faced stiff fuel price competition from expanding truckstop chains.

Consolidation has been the norm in

both trucking and truckstops. Large fleets have the buying power to negotiate low fuel prices with major truckstop chains, whose volume gives them buying power. To make these fuel deals work, fleets mandate where drivers stop for fuel. This drives traffic to chain locations. OPIS and other services have made fuel prices and transportation costs an open book to fleets, with crude, refined spot, wholesale rack, re-

tail and movement costs/pricing available to anyone. They've put truckstops in the difficult position of selling a commodity for which the large fleets know all the margins involved.

The Internet gives fleets additional tools: nationwide retail and rack fuel price information, updated daily or even hourly. A fleet manager now knows what price a truckstop paid for its fuel on a given day. That manager can plan fuel stops accordingly, totally depressing truckstop fuel sales margins. Owner-operators increasingly have access to some of the same truckstop fuel pricing information, so they, too can plan their stops based on prices.

Changes in fuel card transaction fees, led by ComData, created an unfair playing field. The big chains negotiated flat fees while independent truckstop operators were saddled with percentage fees that have increased as fuel prices have increased.

Independent truckstop operators, unable to compete for fleet fuel business on price, moved to attract drivers

for non-fuel stops. This became an important way to stay in business during the '90s. Offering game arcades, TV rooms, movie rooms, laundry services and 20 or more pay phone booths enabled independent truckstops to maintain profits.

For a number of years, independent truckstops were advised to continue expanding such profit centers to draw drivers into their facilities. They responded with bigger restaurants, more food offerings such as fast-food and delis, more truck services beyond tires and more offerings in their stores.

Meanwhile some chains were forging a different model – one predicated on selling fuel fast, and on smaller parcels of land, to satisfy their fleet customers. With their focus on selling fuel, these facilities resemble large convenience stores with fast food and truck parking, plus a minimal number of showers. For all chains, automobile traffic is an important part of their business; truck fueling islands are placed behind or alongside the building while the car fueling islands are in front.

CHANGING TECHNOLOGIES

The past 10 years have seen the truckstop business model change dramatically. Drivers no longer have to go inside a truckstop to make a call, be entertained or eat a hot meal. More of them travel with laptop computers, TVs, DVD players and microwave ovens in their cabs. They can eat, sleep, pay bills, write home, be entertained and even have shower/restroom breaks in their trucks. Truck and engine OEMs help make that possible by offering auxiliary power options to power even more creature comforts inside the truck. One truckstop operator noted that

EXCEPTION TO THE RULE: TERMINAL TRUCKSTOPS

The Introduction to this report stated that there are exceptions to the big picture changes in the trucker-truckstop relationship. Some of those exceptions are a select number of truckstops located in relatively close proximity to major U.S. freight pickup or delivery locations.

Other exceptions are truckstops with both a history of good business and such outstanding offerings that drivers look forward to the visit. In total, there about 68 such truckstops out of approximately 6,000 retail heavy truck fueling locations nationwide.

In one example, the driver needs to wait to pick up or deliver his load and the truckstop provides the most convenient location to do so. At such locations, drivers tend to take care of delayed maintenance, scheduled maintenance, etc., as they have time on their hands. They buy extra meals and make store purchases as a result of this waiting time.

In a second example, great offerings, expanded sales/service, superior employee teamwork and progressive and active management make the truckstop a “must stop” if a driver’s freight schedule permits.

trucks are becoming just like RVs.

In an effort to raise revenue and provide additional services, some truckstops added new parking lot amenities such as IdleAire, WiFi and shorepower plug-ins similar to features found in RV parks. The results are mixed, since these technologies restrict selected parking areas which may alienate some drivers. In addition, these in-cab services encourage drivers to stay in their trucks, depressing traffic inside the truckstop.

The advent of satellite communications systems and cell phones rendered the truckstop pay phone virtually obsolete. Where truckstops once offered banks of pay phones and phone rooms – in the past, the driver’s only link to his dispatcher – today’s driver may find only one or two public phones remaining in most locations. One truckstop operator reported that since this onset, his income

from pay phones dropped from several thousand dollars a month to a few hundred dollars.

The story is the same in his game room. Its revenue has dropped more than 50% over the last 10 years. Other operators report similar numbers. While their parking lots may be full, such inside profit centers have declined significantly or disappeared altogether. In an effort to recoup such losses, some truckstops began to charge truckers for parking unless they buy a certain amount of fuel – a move that discourages some truckers from stopping.

Also on the endangered list are 24-hour, full-service truckstop restaurants. At one time, truckstops were widely known for good quality food. But many truckstop operators now report declining restaurant sales and customer counts. Even very successful, long-time terminal locations with

24-hour sit-down restaurants say their customer counts are decreasing and only menu price increases have allowed them to show small revenue growth in their food business.

One truckstop operator along the I-80 corridor says he plans to reduce the size of his full-service restaurant and add one or more fast food outlets. This comes after the decline of a long and successful run with the full-service concept. Another operator closed his restaurant and converted the space into a gift shop to attract tourists.

Some major chains continue with full menus of driver services. But in some cases, they offer fewer than some independent truckstops. While the big chains have parking, showers and convenience stores, none offer full-service dining in every location. The others offer one or more quick-serve food outlets. There's little reason for drivers to spend time inside these locations, except to pay for fuel, buy take-out food or shop in the convenience stores.

CUSTOMER TYPE

Historically, truckstops were classified as focusing on a customer mix of truckers, travelers and/or locals. Truckstops on interstate highways catered primarily to long-haul truckers and locals, later adding travelers. At the same time local and intrastate truckers fueled at their terminal or nearby off-the-interstate fuel stops. Industry consolidation has changed that. Truckstops today, whether located on an interstate or not, target either interstate trucking customers or intrastate truckers.

Since most independent truckstops cannot compete with the large chains on fuel prices offered to long-haul fleets, many of them now focus on lo-

CHANGES IN DRIVER STOPPING HABITS

A landmark national study done by Newport Communications Group in 1987 and a follow-up in 1990 provided the first complete picture regarding why patrons stopped at truckstops. A new national survey is nearly complete. Preliminary results of that survey are noted in the chart below, along with figures from the 1987 survey.

Question: Which reasons contributed to you making this stop?

(Truckers Responses: Respondents asked to list all reasons.)

	2008	1987	% Change in usage 1987 to 2008
Food .....	.73%	.66%	10%
Restaurant Full Service .....	.35%	.66%	-47%
Fast Food/QSR ¹ .....	.38%	N/A	N/A
Restroom .....	.87%	.59%	47%
Telephone .....	.12%	.59%	-80%
Rest/Relax .....	.47%	.51%	-8%
Fuel ² .....	.65%	.46%	41%
Shower .....	.31%	.28%	11%
General Store/C-Store ³ .....	.68%	.33%	106%
Find a Load .....	.13%	.15%	-13%
Maintenance .....	.11%	.8%	38%
Games .....	.4%	.8%	-50%
Scales ⁴ .....	.27%	.7%	286%
Laundry .....	.10%	.6%	67%
Vending Machines .....	.7%	.4%	75%
Permit Services .....	.1%	.2%	-50%
Other: .....	.10%	.2%	400%

Notes:

- 1) Fast food was largely non-existent at truckstops in 1987.
- 2) The higher percentage of fuel purchasers reflects the reduced number of stops truckers make daily.
- 3) General stores have been merged into C-stores since the first study. In 1987, truckstops had general stores or convenience store offerings, vs. the Full-scales C-stores found in truckstops today.
- 4) Will Moon, of CAT scale and Iowa 80 Group, notes that truckstop scales were not as common in 1987 as now. A demand for more certified scales led to more truckstop scales, particularly near pickup points.



thinks the new rules allow them to operate on a more traditional schedule, driving during the day and sleeping at night. He believes that under the old rules, drivers tended to drive at all hours and often found themselves out of hours in the middle of the day, which led them to spend more daylight hours at truckstops.

As mentioned earlier, large distribution warehousing facilities, built near major urban areas, have changed the face of long-haul trucking. They have resulted in overall shorter trips, and dedicated trips to and from their facilities. Additionally, the best of these long-haul drivers are moving to such dedicated hauls, primarily to get more time at home. Recent data shows that the average long haul has dropped by 300 miles over the past decade, according to a major truckstop research firm.

DRIVER DEMOGRAPHICS

Driver turnover for over-the-road long-haul fleets averages more than 120% per year, according to recent figures from the American Trucking Associations. High turnover has been an industry dilemma for many years. Many new drivers entering the profession are immigrants, often non-English-speaking. Virgil Coffee, with TVC Pro-Driver, provider of driver services (i.e. health, legal, etc.), reports that English is not the native language for 50% of the drivers calling his company's customer service line. The breakdown is: 30% Spanish-speakers, 10% Russian-speakers, 5% India-Hindu/Urdu speakers and 5% Eastern European or other.

cal and regional business where service outweighs price. For example, a longtime Midwest operator on a major East-West interstate said he was able to deliver holiday cookies to 25 of his 27 top fuel customers in one day – underscoring how close in proximity his major customers are to his operation.

A local trucker does not need many of the traditional driver services offered, since he/she goes home every night. He/she stops for fuel, uses the restroom, grabs a snack and a drink and gets back on the road. That driver may also buy items from the general store.

An interstate trucker will spend more time at a truckstop and make at least two stops each day. But even these drivers are spending less time inside truckstops for the reasons previously outlined. Plus, many over-the-road truckers are owner-operators. As business owners, they must do more with less to reduce expenses. Living in their trucks serves their profit goals.

Changes in driver hours of service rules may also play a role in reducing the amount of time drivers spend at truckstops. One truckstop operator says he noticed that drivers are not around as much during the day. He

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About The Authors



Tom Stanford is President of Newport Poster Network and a leading authority on research, marketing, advertising sales and truckstop management. He is a former publisher of *NATSO Truckers News*, *RoadStar* and *Truckstop Travel Plaza* magazines. A former truckstop operator, Tom also spent eight years at Union 76 Auto/Truck Stops and has personally visited nearly every truckstop in North America.

Jim Beach is Technology Editor for *Heavy Duty Trucking* magazine and former editor of *Truckstop Travel Plaza* magazine. He has 20 years industry experience, including past service as editor of *NATSO Truckers News*, *GO-West* and *Light & Medium Truck* magazines. He has written for several other industry publications including *Transport Topics*, *Fleet Owner* and *Fleet Maintenance*.



Doug Condra directed editorial operations of the Newport Communications Group for 30 years before becoming President in 2002. He has been named the nation's top business press editorial writer 8 times in American Business Media competition, and has won numerous other awards for journalism excellence. He holds the ABM lifetime Crain Award for distinguished career in the business press.

NEWPORT COMMUNICATIONS MARKETING OFFICES

Group Publisher/Vice President: KATE MILLER

38 Executive Park, Suite 300, Irvine, CA 92614
(949) 225-7902 Fax (949) 261-2904, kmiller@truckinginfo.com

Midwest: SCOTT REIMER, REGION MANAGER

130 N. La Grange Road, Suite 316, La Grange, IL 60525
(630) 420-9732 Fax (630) 839-4002, sreimer@truckinginfo.com

Midwest/Central: KEN CUMMINGS, REGION MANAGER

286 Center Drive, Briarcliffe Acres, Myrtle Beach, SC 29572
(847) 705-9050 Fax (843) 427-4177, kcummings@truckinginfo.com

Southeast: AL BRUNELLI, REGION MANAGER

16230 Crystal Creek Court, Spring, TX 77379
(832) 717-3900 Fax (832) 717-4900, abrunelli@truckinginfo.com

West: BILL MADDEN, REGION MANAGER

8535 SE 13th Avenue, Suite 1, Portland, OR 97202
(503) 224-3799 Fax (503) 224-3899, bmadden@truckinginfo.com

Aftermarket Sales Director: JOHN DICKSON

301 Shoreline Road, Lake Barrington, IL 60010
(847) 381-9193 Fax (847) 381-9193, jdickson@truckinginfo.com

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