It’s always difficult to write an article a month before Industry Watch is posted online. Currently, it’s about two weeks before Christmas and all you can think of are the holidays quickly coming upon us. Just a little more than a month ago we were attending our 2014 convention in Scottsdale. The convention at Talking Stick Resort was a huge success with records broken in number of attendees, and sponsor participation. If you have the opportunity before the next convention please thank our sponsors and welcome them back for 2015.

Our location for the 2015 annual convention will be at the Gaylord Texan Resort and Convention Center in Grapevine, Texas. With our 2014 convention attendance at 736 we have outgrown the Talking Stick Resort, and many other resorts that were venues in the past. We will all be much more comfortable at larger resorts that accommodate everyone under one large roof. Not only that, for our next convention, Hal Dickson is already attempting to find another speaker equal to or better than Joe Theismann. That’s not a very easy position to be in.

The Used Truck Association’s (UTA) Board of Directors will have its business planning meeting at the hotel where we will hold November’s convention. This allows us to plan and arrange the vendor fair, registration location, workshops, speakers, signage, and many other items well in advance of the convention. At the business meeting each UTA committee chairperson will plan their entire year, including their goals, and how they will achieve those goals. This planning is an actually a group effort.

We also include the Grace Management team (Misty and David) in all of the committee and convention planning meetings. With UTA membership currently topping the 1,000 mark, we are about 95 percent integrated with Grace Management. When we were a much smaller association we handled everything ourselves. So it was an astute move to begin working with Grace Management when we did.

The 2015 Board of Directors features a number of changes and additions, all of which are very positive for the UTA’s future. New people bring new ideas and new ways of looking at challenges. Our association will become more efficient and stronger as a result of the changes to the Board. Here are the people who have joined the Board for 2015:

- Bryan Haupt has volunteered to co-chair the Convention Committee.
- Craig Kendall has volunteered to chair the Affiliates Committee, and co-chair the Scholarship Committee.
- Amanda Kent has volunteered to co-chair both the Marketing and Training Committees.
- Mike McColgan has volunteered to chair the Election Committee.
- Angelique Pierce was elected as Secretary of the Board, and has volunteered to chair the Marketing Committee, and co-chair our Website Committee.
- Mike Roney has volunteered to co-chair the Dealer Group Committee.

All of these people have been very involved with the UTA by previously serving on committees or as board members. Each has shown the membership that they care about the UTA through their dedication and willingness to volunteer their time to make our association better for everyone.

Thank you,
Rick Clark
UTA President
rick@uta.org
Board News and Views

Wreaths Across America Honors our Fallen Veterans

Something wonderful happened Saturday, December 13, 2014. Wreaths Across America (WAA) honored our fallen, covering all 250,000 veteran graves in Arlington National Cemetery with remembrance wreaths. In addition to Arlington National, over 1,026 other cemeteries participated throughout all 50 states. There were also ceremonies at sea and at 24 national cemeteries on foreign soil.

Through a massive volunteer effort, 700,000 wreaths were placed on our veterans’ graves. Thousands of volunteers gathered, placed the wreaths, and spoke prayerful words of heartfelt thanks. “There is comfort in knowing that everyone here has been touched by those we came to honor,” said Karen Worcester, Executive Director of Wreaths Across America. “In simple everyday joys, we see proof that their sacrifice was not in vain, and we are grateful.”

Wreaths Across America’s 2014 motto was “Don’t Say I Should Have, Say I Did.” And UTA members, corporate sponsors and affiliates; trucking companies, shippers and owner operators can say “they did.” All took part in this massive effort, and participated with donations of money, talent, equipment, and countless volunteer hours.

The UTA has made it a commitment to support Wreaths Across America for the past two years. The Board felt the WAA project fit well with our association and our core beliefs of God, Country, and Honor. WAA is an association that the UTA can be proud to work with and support, as we treasure our heritage and the veterans who sacrifice their freedom so we can enjoy ours.

While loading and unloading trucks filled with wreaths, a group of volunteers and myself met a patriot who sums up what the WAA mission is all about. Rowdy is a trucker who served our nation well over several tours of duty in Desert Storm. His eyes swell and come alive when you talk about the sacrifice that brave men and women have made for our freedom, and for the fallen soldiers who gave their lives for that freedom.

Rowdy wrote a poem (which appears on the next page) entitled “Of A Fallen Tear” when he learned he was chosen for the Honor Convoy Of Trucks, which carries the wreaths to the cemeteries where they are placed on graves. When he read the poem to all of us gathered in a cold Kansas City warehouse, I can promise there was not a dry-eyed man or woman in the house.

Enjoy, remember, and thank you UTA for your continued support.

Ken Kosic
UTA Board of Directors
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About Wreaths Across America

Wreaths Across America carries out its mission to remember, honor and teach partly by coordinating wreath laying ceremonies one Saturday every December. Ceremonies are held at Arlington and other veterans’ cemeteries, and locations in all 50 states and beyond. They also organize a week of events including international veteran’s tributes, ceremonies at State Houses, and a week-long “Veteran’s Parade.” The parade runs from Maine and Virginia where Wreaths Across America stops along the way to spread its message about:

- The importance of remembering our fallen heroes;
- Honoring those who serve, and;
- Teaching our children about the sacrifices that veterans and their families make to preserve our freedoms.

Thousands of volunteers make this week of events possible by organizing local ceremonies, raising funds to sponsor wreaths, and participate in the events. Individual wreath sponsors, corporate donors, and volunteer truckers pay for the cost of their programs. They also coordinate with veterans services to recognize veterans through a variety of programs, and provide schools with teaching aides for projects throughout the year.

For more information, visit www.wreathsacrossamerica.org.

“Quips & Quotes”

Success in business requires training and discipline and hard work. But if you’re not frightened by these things, the opportunities are just as great today as they ever were.

~David Rockefeller
The Silence of a Fallen Tear

by SSGT Ralph "Rowdy" Lee Butler Jr.

Have you ever
Heard his voice
Or do you even
Know his name
As I leave a wreath
At the cross
Where he lays
For I myself
I did not know
Anything
About this man
That lays here
Beneath my feet
As I read his name
For the very first time
As I hear
Something
That is so unique
From a voice
Like no other
That touches the heart
And the soul
In so many ways
As he whispers
Unto me
Saying
Thank you
For remembering me
On this day
With a wreath
From across America
To where I lay
And I know
Without a doubt
That you yourself
Will carry
A thousand more
That will come
To a rest

Somewhere
Along the way
From a journey
Like no other
That will cross
The USA
Honoring those
That had fallen
That you
Will never forget
As you read
The very names
Of my brothers
Along the way
And because of that
You will never
Forget this day
From the silence
Of a whisper
And to the fall
Of a broken tear
That no one else
Will ever see
Or ever hear
That says
Thank you
My brother
Thank you
My friend
For such an honor
As you lay the wreath
At the grave
Of my brother
With honor
And respect
As I leave with you
The very journey
Of a broken tear

That will come
From the silence
Of a fallen Vet...
Where the wreath itself
Will come to rest...
In the silence
Of a fallen tear
With honor
And respect...

In the silence
Of a fallen tear
With honor
And respect...
Nick started in our business in 2008, sweeping floors and washing and detailing engines and chassis. He’s here with us now hoping to establish connections, and build his business by networking with related businesses. Nick also sees UTA membership as offering educational opportunities through industry events, and the chance to grow his company’s presence and availability to the industry.

Nick says seeing “startup businesses succeed because they were able to buy a quality used truck to meet their needs,” is his favorite part of his job. He can’t really envision himself in another field as he was pretty much born to do this, he said.

Finally, Nick asked us to share that he looks forward to connecting with other members.

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Kurt started out with JX Enterprises in 1987, working part-time while still a student. He has worked in various positions throughout the company, including Sales Manager, Sales Executive, and Director of Business Development for the Chicago area.

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It’s always a treat to welcome new members to the Used Truck Association. Each month we profile our new members in this newsletter. New members have the opportunity to complete a bio and send a photo so our current members can learn more about you. We hope to learn not just how to reach you, but what you enjoy about the work you do, why you joined the UTA, and what gets your gears going as a person. So please return your questionnaire so your fellow UTA members can get to know you!

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Jason started in our business back in 1994 as a D.O.T. Inspector/Lot attendant for Columbus Kenworth. He’s excited about being a new UTA member as he hopes to “reconnect with many old acquaintances in the truck sales industry and cultivate new networking opportunities.”
He's a truck person through and through. “I simply love being back in the industry that has been such a huge part of my life since I was a teenager,” Jason said. He appreciates the support and backing from Fyda Freightliner, adding that “the wonderful people who work here has really just made the experience all the more rewarding.”

Were he to leave the trucking business Jason would like to be involved in the senior care industry, for which he has a deep passion. He takes care of “some wonderful senior citizens” on weekends. Jason also loves the outdoors and tries to make time for backpacking whenever he can.

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Cary began working in the truck business just last year, getting his start in sales.

He’s joined the UTA for the chance to “build great relationships and provide excellent services to new and current customers.” He noted that his company is continually improving on its costs and delivery to its customers.

His job gives him the opportunity to solve problems for customers “by delivering on our commitments, and providing a great service to those who need and/or desire to leverage drive-away services,” he said.

Cary is also into farming and living a self-sustaining life. “My family is a self-sustaining household that depends on our land and animals to provide us with our primary food for the entire year,” he said. Currently his family raises chickens, turkeys, rabbits, and hogs. They process and package all of their own meats and vegetables. “Every year we attempt to implement something new to help us become more self-sufficient,” Cary said.

Cary invited UTA members to call him if you’re looking to move trucks or just chat about farming and/or raising your own food.

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Andy started in the truck industry just last year. He’s enjoying the chance “to help others be successful by providing them the best tools for the job.”

Andy may be new to the industry but his membership in the UTA shows he’s serious and dedicated. He’s joined us for the educational and networking opportunities.

Outside of the industry Andy enjoys home improvement projects. “I’ve always got some type of project going on at home,” he said.

It may be hard for him to imagine leaving when he’s just started, but Andy said if he did leave trucking he can see himself in the craft beer business. “I like trying new beers, touring the breweries, and I’m amazed at the creativity and diversity in the craft beer market,” he said.

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Merrill is working for the same company where he got his start in trucking in 2010—Team Drive-Away.

He enjoys dealing with people so it’s no surprise he’s looking forward to the networking opportunities UTA membership brings.

Outside of work he enjoys spending time with his three sons, two of which are teenagers very involved in sports.

Were he ever to hit the road and leave trucking you might find Merrill operating his own restaurant. “I’m kind of obsessed with bar-b-que,” he told us!
We are so happy to start the New Year by featuring our friend Angelique as this month’s Face to Face profile. Angelique, in her new role as a UTA Board Member and a member of the Board’s Marketing Committee, has been writing articles for the newsletter and offering her editorial eye to this publication for some time. Now we have the privilege of sharing her story with you. Angelique has been in the truck industry for more than 11 years, all of which have been spent with Freightliner. As Angelique is a skilled and experienced writer, our goal is to let her voice tell her story for us. So, we may weave a paragraph or two together here or there, but otherwise, we happily introduce you to Angelique Pierce, Manager of Marketing and Pricing, Daimler Truck Remarketing (DTR), Fort Mill, SC. Here’s a look at the questions we asked Angelique, and the answers she gave us.

What was your first job related to the truck industry?

Ooh... you’re taking me back. I had been working for Chrysler Financial for about a year and a half when I decided I was ready to go to graduate school. My school of choice was Loyola University in Chicago, IL, and I was accepted into the university. However, I needed to have a job upon relocating. Thankfully, after a bit of schmoozing and two phone interviews, I was able to get a company transfer and work in the customer service department of DaimlerChrysler Truck Financial (this was when Daimler and Chrysler were merged). I’ve been with Daimler working in trucking ever since!

How long have you been a UTA member?

I have been an active UTA member since 2010. After joining, I became a member of the UTA Marketing Committee and have been writing articles for the monthly newsletters and assisting with editing it. I also have a lead role in the UTA Young Members Group. I am still glowing inside because of recently being elected to the UTA Board of Directors. What an honor!

Please tell us a bit about your current job, and how it relates to the truck industry.

As the Manager of Marketing & Pricing for DTR (Freightliner’s used truck division), I am a member of the DTR Management Team, and I have four employees who report to me. As a team, we manage corporate marketing, programs, promotions, the pricing of corporate inventory, auction activity, sales training and incentives, warranty pricing and enhancements, and sales support for Freightliner dealers with used truck departments. My team also provides marketing support and training to SelecTrucks, DTR’s used truck brand and retail distribution network.

When you think of a typical working day, what aspects of your job do you enjoy the most and why?

The variety! I’ve got my hands in a ton of things all day long—pricing, warranty, marketing, problem resolution… you name it. Each day is ALWAYS different from the one before. If you see me, and you think my head is spinning or that I’m moving 100 mph, don’t be alarmed. That’s status quo and I wouldn’t have it any other way.

To what do you attribute your success in your industry?

Ask me that question about our industry or about anything else in my life and I will respond, without hesitation, that all things are possible with God. So, my spiritual walk as a Christian is a HUGE part of my life and who I am. But, other things that contribute to my success are:

1) There is a saying I live by, which is “nothing changes unless you change it.” So I believe that we all have a greater hand in writing the story of our lives than most of us recognize.

2) I am motivated from within. I think motivation is truly a wonderful thing, because it’s a sign that something inside you desires to keep you chasing the dream. This means you don’t require someone else to kick start your engine or an outsider to provide you with the momentum to drive you to succeed.

3) I believe that “exposure” has made a world of difference for me. I don’t shy away from unfamiliar situations; in fact, I often purposefully put myself in them. By allowing myself to be exposed to new people and new challenges, I have rubbed elbows with some of the best in the trucking business. It’s those people who have opened themselves up to me and have supported me in a variety of ways throughout my career.

4) Finally, no one wins the game from the sidelines, so I believe in getting involved. Sometimes that means taking on more (for example more work or more responsibilities) for the good of the group. But when I’m committed, I am all in!

Would you share with us some of the proud moments you enjoy recalling as you look back on your career?

There are definitely a few that stand out to me. I don’t shy away from unfamiliar situations; in fact, I often purposefully put myself in them. By allowing myself to be exposed to new people and new challenges, I have rubbed elbows with some of the best in the trucking business. It’s those people who have opened themselves up to me and have supported me in a variety of ways throughout my career.

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Would you share with us some of the proud moments you enjoy recalling as you look back on your career?

There are definitely a few that stand out to me. The first would be earning my dual master’s degree in 2007 from Loyola University Chicago. I remember walking across that stage like it happened yesterday! The second
would be when I won a DTNA Marketing Excellence Award in 2010 for a program called "Keep it a Freightliner" that I launched while I worked in the Aftermarket Parts division. Finally, I am too proud of being elected to the UTA Board of Directors. I am humbled by the honor of being elected by the members and energized by the thought of being in a position to make a difference for our industry.

What do you wish you knew early in your career that you know now?

I now know that sometimes you have to take a step back to move forward. Let me explain.

In 2002, after working in marketing for a toy manufacturer for almost two years, I refused to work any longer for a contentious boss who had no interest in me or in helping me further my career. I did something so uncharacteristic—I quit my job prior to securing a new one. After about two months of being out of work, I ran into an old friend at a job fair who was there representing Chrysler Financial. She urged me to consider taking a job in collections. She said that, although it wasn't the most attractive job, I could move up fast if I worked hard, and that Chrysler would pay for me to go back to school for my graduate degree.

You could guess that I took the job. But I didn't feel good about myself because I—the person who had a marketing degree from Penn State (a Big Ten school) and who previously had two cushy advertising/marketing jobs—was now working a desk job, being paid less, and harassing people about making their car payments.

But let's put this into perspective, it was that collections job at the "bottom" that started my career in Daimler traveling toward the "top". Here I am today, 11 years later, part of the management team of DTR. You never know what's in store if you humble yourself and be willing to take a step back or stay at the same level for a little while. Today, I am reaping the rewards of showing humility and patience. That's a powerful life lesson!

What advice would you give a young person starting out in your business today?

I would say "Trust yourself. You can do more than you think." A lot can happen when you focus on a goal. Whatever your goal is, it can be achieved no matter how great the challenge. But you have to get started so that you can get it done. Whatever IT is, get it done!

Share your life, your time and your goals with people who challenge you—not those who challenge you to destroy you, but to develop you. There are LOTS of great people in the UTA, so immerse yourself in the organization because you can only go up from there!

What are some of the biggest challenges that UTA members will face in the future?

The UTA is on a strong path of growth. I received the great news that we have surpassed the 1,000 member mark! I think a challenge is getting young used truck professionals to make up a larger portion of that number. The UTA is focused on getting young people more involved in its activities, and there are quite a few of us who have stepped up to that challenge.

We've got some really dedicated people leading the Young Members Group who are already bringing so many fresh ideas to the UTA. I'm fully committed to assisting the next generation of used truck professionals get and stay connected to the UTA. In a year or two, we will all look up and ask "what challenge??!

Finally, please tell us a little about your family, and other interests outside the industry.

My too cool, too talented, too fun husband is Lawrence Pierce (everyone knows him as Big Law) and we have a precious, 1.5 year-old baby girl named Laurynn. They are my world! My hubby is a great cook and an amazing musician, and Laurynn... well, you can catch footage of her on Facebook singing her ABC's or dancing to music. That kid is hilarious!

If you couldn't tell from my face-to-face profile, I LOVE TO WRITE. It is a large part of who I am and how I express myself. In fact, I'm pretty close to publishing a children's book which is very exciting for me. When I am not pricing and marketing trucks, I do lots of things that show my artsy side. I dance (modern, African, and praise dance), sing, as well as write poetry, books, and songs. Hey, I can't be all business all the time, right? 😊
NADA Update

Chris Visser, Senior Analyst and Product Manager, Commercial Trucks
Twitter: @NADAUsedCarGde

Summary

2014 was marked by increased availability of late-model, lower-mileage trucks driven by a return to 3-5 year trade cycles. Pricing remained extremely strong for these trucks, thanks to heavy demand. Retail and wholesale sales volume declined in the fourth quarter, but pricing remained elevated. In general, year-over-year comparisons for most segments were favorable in 2014.

We forecast continued strength in pricing through at least the second quarter of 2015, even as increased numbers of late-model trucks are traded in. The high price of new iron combined with the continually-improving economy will ensure that demand for late-model used iron remains healthy.

Sleeper Tractors – Retail

Any way you slice it, pricing in 2014 was even stronger than in a record-setting 2013. The increased availability of three- to five-year-old units pushed average pricing up by approximately 7.5 percent year-over-year, while average mileage was about 4.5 percent lower. Average age has remained similar, at 75.6 months in 2014 vs. 76.5 months for 2013.

Late-model used iron was and will remain a compelling alternative to new trucks, thanks to the steadily-increasing price of new trucks. At just under $60,000, the average used sleeper tractor with 450-500,000 miles is less than half the price of a new truck. This used truck still has a few hundred thousand miles in it before a major overhaul needs to be completed.

One major development in 2014 was the increasing supply of International ProStars entering the market. In November, that model comprised 27.7 percent of all 2012-2010 model-year sleeper tractors reported sold – a disproportionate representation. Previous months were more in line with International’s expected market share, though, averaging 15.1 percent if November is excluded. In general, the underperforming selling prices of this model negatively impacted our averages. See “Model Year 2012-2010 Average Retail Pricing” chart for detail.

Looking at monthly results for the latest month available – November - average retail pricing is currently off the all-time record set last month by just over 2 percent. Average mileage dipped again, a direct effect of the ever-improving availability of sub-500,000 mile iron.

Specifically, the average used sleeper tractor retailed in November for $59,759 - $1,325 (or 2.2 percent) less than October, and $4,696 (or 8.5 percent) greater than November 2013. Average mileage was 487,865 – 9,581 (or 1.9 percent) less than October, and the lowest in 4 years. Year-over-year, average mileage was down 39,741 (or 7.5 percent). See “Average Retail Price and Mileage” graph for detail.

Interestingly, unlike average mileage, average age has remained steady since late-2012. We would logically expect age and mileage to move up or down proportionally, but this has not been the case. What we are seeing is the model year mix of available trucks adjusting back to normality. More specifically, we’re seeing the end of the outsized influence of 2007 model year trucks. Through late-2012, trucks of this vintage dominated the market. Once the supply of low- to average-mileage 2007s started to dry up, the model year mix started to balance out. Currently, the retail channel is dominated by the 2010-2012 model years, as opposed to the 2007-2010 model years this time last year. This means that the mix of available used trucks is essentially two full years younger than in 2013. This trend reflects the disappearance of desirable 2007s as well as the shift back to shorter trade cycles following the recession. See “Monthly Retail Sales Volume” graph for detail.

Sleeper Tractors – Wholesale

The previous 24-month period saw steep increases in the average price—and substantial decreases in the average mileage of trucks reported sold. The factors behind this shift are the same as in the retail channel - namely, increased availability of late-model iron.

The average sleeper tractor sold wholesale through November of 2014 brought a whopping 44.2 percent more money than in same-period 2013. This average truck was essentially a full year younger than in 2013, at 75.5 months vs. 87.1 months, respectively. Average mileage was down 12.6 percent. As in the retail channel, buyers have a newer, lower-mileage pool of trucks to choose from… but pricing has not suffered.

The ProStar was also a major factor in the wholesale market in 2014. The proportion of that model sold at auction or dealer-to-dealer was even greater than in the retail channel, averaging 27.6 percent of all
In terms of pricing, the average daycab sold in November brought $53,476, had 407,867 miles, and was 108 months old. Compared to last month, this truck brought $3,664 (or 7.4 percent) more money, had 18,387 (or 4.3 percent) fewer miles, and was two months newer. Year-over-year, November 2014’s pricing was $6,372 (or 13.5 percent) higher, mileage was 47,951 (or 10.5 percent) lower, and age was four months older. See “Average Retail Sleeper vs. Daycab” graph for detail.

Volume is much lower in the daycab segment, with our database of sold daycabs 31.5 percent the size of our sleeper database in 2014. As has been typical since before the recession, the premium for a sleeper tractor decreases to zero after about six years. This means that the 2010-2009 model years are essentially a wash for sleeper vs. daycab versions of the same model, all else being equal. This dynamic is mainly due to the mileage typically accumulated by sleeper tractors of that age. After six years, daycabs bring more money than sleepers. See “Daycab vs. Sleeper Retail Pricing” graph for detail.

Going forward, this segment should perform at least as strongly as the sleeper segment. Smaller volume of available trucks combined with the shift towards smaller hauling routes should keep demand strong.

**Daycabs – Retail**

The daycab market performed strongly in 2014, with pricing of the average truck following an upward trend roughly on par with the sleeper segment. On average, daycabs brought 14.7 percent less money than their sleeper counterparts—a difference explained largely by the 30-month age gap between the average sleeper and daycab reported sold. The daycab market is still dominated by the 2007 model year. Thanks to the lower annual mileage accumulated by daycabs, 2007s still feature under 500,000 miles, and are therefore an attractive option to the buyer looking for a pre-DPF truck.

Throughout the year, the age of trucks entering the market has trended younger. As we’ve stated, this shift is the end result of fleets moving back to shorter trade cycles. The market is now in the thick of the 3-5 year trade cycle of trucks built post-recession. Depreciation for individual trucks has been generally mild, with the exception of specific models that saw large packages of trades.

### Owner-Operator Sleeper Tractors

We don’t see much press about the extended-hood segment these days. New aerodynamic models are regularly introduced to great fanfare, but it is rare to see a new traditionally-styled model enter the market. Owning and operating one’s own truck has become increasingly difficult in the past two decades due to fuel prices, higher insurance costs, the increased price of new trucks, tougher competition for

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**NADA** continued on page 10
freight, shifting credit standards, and other factors. Demographics have also shifted to a point where traditional owner-operators are aging out of the business to an increasing degree.

So where does this leave the used long & tall market? Production has of course declined since the 1980s, which means there are fewer trucks available to the secondary market. However, there is still demand for these trucks from selected operators. Traditional long-haul owner-operators still demand these trucks, and many fleets purchase limited numbers as reward trucks for their best drivers. As such, pricing of used trucks is alive and well, with the average 3-year-old extended-hood model bringing almost $12,000 (or 13 percent) more than the average aerodynamic model in 2014 when adjusted for spec. Not adjusting for spec, that difference increases to nearly $20,000 (or 24 percent). Further, that value difference holds up over time, with the average 6-year-old long-hood truck maintaining the 13 percent premium. See “Retail Pricing of Owner-Operator vs. Aerodynamic Sleeper Tractors” graph for detail.

Going forward, demand for long & tall trucks should gradually shrink over time in step with the number of traditional long-haul owner-operators. However, manufacturers have done a good job “right-sizing” production to meet demand on the new side. Owner-operators looking for a late-model used rig, and heavy-haul or construction entities looking for a slightly older piece of equipment, will ensure a continued market for these trucks. As such, we do not see the premium for extended-hood equipment shrinking to a notable extent in upcoming quarters.

Construction
The construction segment continues to recover in step with the broader economy. Since late 2012, the volume of trucks sold has trended upwards, increasing from 69 trucks reported sold in the first quarter of 2012 to 238 in the most recent three-month period. Pricing has been remarkably stable in this period, with 6-9 year-old trucks (the group for which we have the most data) returning very little depreciation over time. In fact, average pricing in the most recent 3-month period is actually 7.6 percent higher than same-period last year. See “Average Retail + Wholesale Price of Construction Trucks” graph for detail.

Late-model (4-year-old and newer) trucks have sold in proportionally greater numbers in 2014 compared to 2013, with 60 reported in 2013 compared to 124 for the first 11 months of 2014. To the extent that they are available, these newer trucks bring strong money – generally into the six-figures.

Looking ahead, expect that rare combination of better availability of desirable late-model iron and continued strength in pricing.

Medium Duty – Class 3-4 Cabovers
The cabover market continues to improve, with pricing for 4-7 year-old trucks performing positively year-over-year. Volume for this benchmark group was lower in 2014 than 2013, but 3-year-old and newer trucks sold in greater numbers and at strong pricing. We view this segment as returning to a normal supply/demand relationship, with higher pricing on the horizon.

In November, the average 4-7 year-old cabover sold wholesale for $15,813 and had 154,973 miles. Pricing was up by $516 (or 3.4 percent) month-over-month, and a whopping $5,735 (or 56.9 percent) year-over-year. Mileage was 53,274 (or 52.4 percent) higher month-over-month, and 22,341 (or 16.8 percent) higher year-over-year.

3-year-old and newer trucks are particularly strong, with the few that become available commanding wholesale pricing well into the $30,000 range. Availability of this late-model cohort is much better than in 2013, with a 137.0 percent increase in the number sold year-over-year. These factors point to healthy demand for the economic sectors employing these trucks.

Medium Duty – Class 4 Conventionals
After a promising first half of 2014, pricing for Class 4 Conventionals trended back downwards. This trend was partially due to increased mileage, but lower year-over-year volume points to a market that may be stagnating.

In November, the average 4-7 year-old Class 4 Conventional sold wholesale for $12,789 and had 127,782 miles. Pricing was up $598 (or 4.9 percent) month-over-month, but down $1,995 (or 13.5 percent) year-over-year. Mileage was 12,062 (or 10.4 percent) higher month-over-month, and 20,298 (or 18.9 percent) higher year-over-year.

Volume and pricing for 3-year-old and newer trucks was nearly identical year-over-year, suggesting that supply is adequate to meet demand. It appears that the contractors, landscapers, and light haulers who typically buy these trucks are easily finding the used iron they need.
On the wholesale side, dealers sold an average of 1.7 trucks per rooftop—identical to last month. Based on recent wholesale activity, it appears that major trade activity peaked in September. Total wholesale (auction plus dealer-to-dealer) volume was favorable in 2014 year-over-year, but the first half was more active than the second half, with 4th quarter volume lower in 2014. If December performs similarly to 2013, 2014 will come in at 39,850 trucks – 671 (or 1.7 percent) higher than 2013. This result would undercut our early estimate of a 5 percent increase year-over-year by an appreciable margin.

See “Average Number of Used Trucks Sold per Rooftop” and “Total Wholesale Sales Reported to NADA” graphs for detail.

### Outlook

In the upcoming two quarters, there are no factors that should limit demand. New truck orders were through the roof in the 4th quarter, and most of these trucks will be delivered in the first half of this year. That means increased trade-in activity. As such, expect continued expansion of supply.

The strong demand for late-model iron we’ve seen since the recovery began will continue in step with the improving economy. The proportionally-higher price of new trucks has caused a permanent shift in dynamics further supporting this increased demand.

In terms of actual selling prices, year-over-year comparisons will appear less impressive as price increases level out. In real terms, though, pricing will remain at record levels.

Be sure to read our blog twice each week for real-time updates on this and other market data, at www.nada.com/b2b.

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www.nada.com/b2b
Trucking May Be Fun Again: TCP Report

With a seemingly uninterrupted string of months of sales increases, and blue skies still ahead, is a tide turning? Are smiles replacing some frowns? In other words, as Transport Capital Partners suggests in a recent release, given the industry’s optimism perhaps Trucking May Finally Be Fun Again.

To be honest, we think trucking’s been fun for a while—at least for the five years we’ve been covering the industry as your editors. And it’s actually been “fun” a lot longer than that based on our many conversations with long-time industry members.

But TCP’s recently conducted survey puts real numbers behind its claim that to many, trucking is more fun than it’s been in the recent past.

To start, carriers have been optimistic about volume growth for the past eight quarters of surveys, says TCP. “While still off its peak of 92 percent in February 2011, carrier confidence that volumes will increase over the following 12 months has risen in the last two years, from a low of 45 percent to 76 percent today, as plans are laid by the industry for 2015,” noted TCP partners, Richard Mikes and Lana Batts. Mikes and Batts are the authors of the market research firm’s just released fourth-quarter TCP Business Expectations Survey. TCP said the survey asked trucking company executives one simple question: “Is trucking starting to be fun again?”

The response? “Just over 55 percent of carriers said, “Some days.” And one-third gave a resounding, “Yes!” TCP concluded that “clearly, attitudes have begun to change within the trucking industry.”

TCP also found that 86 percent of carriers surveyed expect rates to rise over the next 12 months. This continues a trend started in November 2012. “Carriers are looking ahead to a positive year, though tempered by the continuing challenges of drivers, cost pressures, and HOS,” said TCP’s Steven Dutro.

To sum up how things are looking, “Carriers are entering the annual first quarter ‘bid season’ with a strong tailwind,” said TCP’s Mikes.

For more information, contact Richard Mikes at rmikes@transportcap.com or Steven Dutro at sdutro@transportcap.com.

November Classes 5-8 Preliminary Orders Healthy: ACT Research

ACT Research’s numbers back up TCP’s thesis that good times are with us. The company reported that November’s demand for commercial vehicles was “healthy” with 58,500 total NA Classes 5-8 orders booked. This was up 48 percent from a year ago. What’s more, ACT said the past twelve months saw net orders totaling 583,200 units, “representing the strongest 12-month period of NA Classes 5-8 order placement since the twelve months ending December 2006.”

“On the heels of October’s second-best ever Class 8 order month, November follows with the fifth-best month on the all-time list. The 41,000 NA Class 8 net orders in November (37.7k SA) represent the convergence of a number of trends that continues to drive orders. These include rising economic activity, pent-up demand, strong new equipment fuel economy gains, and most importantly, rising freight rates, which bolster carrier profitability,” said ACT’s Kenny Vieth.

However, some of November’s numbers were also somewhat of a “letdown” as they followed a very strong three-month period of orders. “November’s medium-duty orders were down four percent compared to last November, and fell 22 percent below October’s strong intake. Through YTD, Classes 5-7 net orders have been booked at a 218,400 unit annual rate (218.5k SAAR),” Vieth added.

TCI Stays High

FTR’s Trucking Conditions Index stayed in “very positive territory” for October, the market research firm reported. The 8.53 reading was only slightly below September’s level “reflecting still strong fundamentals for trucking firms.”

Another positive is that capacity utilization is easing up a bit, “retreating from the dangerous 99 percent level reached earlier in 2014.” But FTR said it expects the market to remain tight, with capacity only easing modestly in 2015. Combined with “continued freight growth, rising rates, and falling fuel costs,” however, FTR forecasts the index will remain elevated throughout the upcoming year.

FTR’s Director of Transportation Analysis, Jonathan Starks, named some of the factors that will prop up the TCI:

- Market fundamentals remain strong for carriers
- FTR continues to see a very positive market for fleets and drivers for at least the next year
- Capacity is still tight, but not nearly as severe as early in 2014
- FTR data found truck utilization dropped nearly 1.5 percentage points from last winter’s high of 99 percent

All this positivity is also translating into higher orders for new trucks. “Class 8 new truck orders hit their second highest level ever in October and fell only modestly in November,” FTR said. “While we don’t expect much in the way of additional capacity coming into the system, the carriers are certainly trying to entice drivers, reduce maintenance costs, and enhance fuel economy.”
Volvo Names Windy City Dealer 2014’s “North American Dealer of the Year”

Canadian and Mexican Standouts also Named

Volvo recently announced it’s named Chicago Truck of Alsip, IL (part of M&K Truck Centers) its 2014 North American Dealer of the Year. At the same time, Volvo also recognized its top dealers in Canada and Mexico. The 2014 Canadian Dealer of the Year is Expressway Trucks Waterloo of Ayr, Ontario, and the 2014 Mexico Dealer of the Year is Grupo Bajio of San Luis, Mexico.

Volvo said Chicago Truck and its employees were singled out for their performance in several areas, including new truck sales, market share, parts sales, customer satisfaction, dealer operating standards, franchise investment, and support for other dealers.

“Chicago Truck is an outstanding ambassador for Volvo Trucks and a model of a high-performing operation,” said Göran Nyberg, president, Volvo Trucks North American Sales & Marketing. Adding: “We thank Chicago Truck, owner Ron Meyering and the whole M&K Truck Centers organization for their extraordinary support of Volvo customers and their contribution to our success in the challenging Chicago market area.”

House Action Suspends Some Planned Hours of Service Changes

It looks like Hours of Service changes planned for the near future may not be happening after all. At least not as soon as first thought. The controversial changes would have required drivers 34-hour “restarts” include two 1 a.m. to 5 a.m. periods.

However, according to Commercial Carrier Journal, the spending bill that the U.S. House finally cleared recently includes language to “halt enforcement of some HOS provisions at least until September of next year.” The bill as of this writing was headed to the Senate.

CCJ said that the bill “includes provisions that strip funding from enforcement of two key changes implemented in 2013 to hours-of-service regulations for truck operators.” It eliminates the requirement that drivers’ 34-hour restarts include two 1 a.m. to 5 a.m. periods. And it removes the one-per-week limit of the restart’s use.”

CCJ reported that the bill also requires FMCSA to produce a study to show how the restart provisions improve safety. The stay of enforcement of the rules will end after September 30, 2015, CCJ said, and after FMCSA provides its report justifying the rules.

FMCSA Looking Into Driver Training Requirements

As we write this the Federal Motor Carrier Safety Administration is establishing a committee to look into minimum training requirements for entry-level commercial drivers. In a Federal Register notice the agency said it is seeking comment from “commercial driver and training organizations, truck and bus associations, motor carriers, state licensing and law enforcement agencies, labor unions, safety advocacy groups, insurance companies, and the public on recommendations for membership to a negotiated rulemaking committee on minimum training requirements for entry-level commercial drivers.”

FMCSA said that the “Moving Ahead for Progress in the 21st Century Act” directs it to “establish minimum training requirements for individuals seeking to obtain an intrastate or interstate commercial driver’s license (CDL) and become a professional truck or bus operator.”

The negotiated rulemaking committee, the FMCSA said will examine minimum training requirements, including length of classroom instruction and behind-the-wheel experience, accreditation versus certification of CDL training programs and schools, curricula for passenger, property and hazardous materials carriers, instructor qualifications, as well as other areas.
**ATA Thanks Congress for HOS “Fix”**

The American Trucking Associations (ATA) was quick to issue a release thanking Congress “for the common sense fix to two unjustified provisions of the current hours-of-service restart rules in this year’s omnibus spending bill.”

ATA President and CEO Bill Graves said ATA’s “known since the beginning that the federal government did not properly evaluate the potential impacts of the changes it made in July 2013.” Adding: “Suspending these restrictions until all the proper research can be done is a reasonable step.”

ATA feels that the changes in HOS mentioned earlier pushes drivers into riskier daytime driving and then lifts the restriction on using the restart more than once every 168 hours, or one per week.”

“One of our members told us several of his drivers took four days off for the recent Thanksgiving holiday, yet when they returned to work, their hours were limited because that 96-hour break could not count as a 34-hour restart,” Graves said. “That’s just one of the impacts FMCSA failed to research that we hope they fully examine as a result of this congressional mandate.”

“Fleets from around the country, including mine, tried to tell FMCSA that the previous rules were working just fine and that these new restart provisions were going to cause unintended problems,” said ATA Chairman Duane Long, chairman of Longistics, Raleigh, N.C. “Those warnings went unheeded at the time, but we’re glad Senator Collins and others in Congress listened to us and that we’ll finally get a full examination of the potential impacts of these rules. We call on President Obama to quickly sign this omnibus spending bill, which will immediately enact this suspension.”

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**Industry Events Calendar**

**JANUARY**

22-25 • ATD/NADA Convention  
Moscone Convention Center • San Francisco, CA  
www.nadaconvention.org

**FEBRUARY**

16-17 • Selling for Success, UTA Sponsored Training  
Courtyard Atlanta Airport North/Virginia Avenue  
Atlanta, GA  
www.uta.org

**MARCH**

4-6 • The Work Truck Show 2015  
Indiana Convention Center • Indianapolis, IN  

26-28 • Mid-America Trucking Show 2015  
Kentucky Expo Center • Louisville, KY  
www.truckingshow.com

**APRIL**

14-17 • NAFA Institute & Expo  
Orange County Convention Center • Orlando, FL  
www.nafainstitute.org

**MAY**

1-2 • Midwest Pride In Your Ride Truck & Tractor Show  
Tri State Raceway • Earlville, IA  
www.midwestprideinyourride.org

7-9 • 4rd Annual East Coast Truckers Jamboree  
Kenly 95 Truckstop • I-95 Exit 106, Kenly, NC  
http://kenly95.com/east-coast-truckers-jamboree

18-19 • Selling for Success, UTA Sponsored Training  
Courtyard Houston Kingwood • Houston, TX  
www.uta.org

28-30 • ATHS National Show & Convention  
York Expo Center • York, PA  
www.aths.org

**JULY**

20-21 • Selling for Success, UTA Sponsored Training  
SpringHill Suites Chicago O’Hare • Chicago, IL  
www.uta.org

**AUGUST**

27-29 • The Great American Trucking Show (GATS)  
Dallas Convention Center • Dallas, TX  
www.gatsonline.com

**OCTOBER**

5-6 • Selling for Success, UTA Sponsored Training  
Courtyard Denver Airport • Denver, Colorado  
www.uta.org

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**The Brooks Group Sales Tip of the Month**

Effective sales managers are systematic thinkers who know how to implement street-smart, practical, and usable strategies with their sales teams.
In the 1993 children's novel The Giver by Lois Lowry, all children are assigned to a career or job at the age of twelve. The community leaders determine who will be engineers, legislators, shopkeepers, and even surrogate mothers.

Although the author doesn't address the role of professional driver, this is an assumption made based on the society's effort to control the community by "assigning" a job according to the child's skills and aptitude.

For those of us in the United States and Canada, we have the option to choose our life aspirations, and to change those goals as we mature. In fact, many of us made career choices in high school, but changed those ideals based on our experiences and circumstances.

Even those of us who entered college with a specific course of education in mind probably changed our major more often than we thought we would. When addressing groups at a conference I often ask whether they had chosen a career in transportation when they were younger. For most of them, the answer is "no."

The common perception by the general public is that truck drivers often pursue the career as a last resort. Maybe they were laid off from a construction or factory job and they responded to a recruiting ad to obtain a CDL, and become a professional driver. This perception isn't entirely misleading.

The problem we have in the United States and Canada is that we are limit our focus on teenagers as drivers, because of the interstate restrictions requiring drivers to be at least 21 years old to transport loads across state lines. Add to that a two-year experience requirement for many insurance providers, and you've got a workforce that starts at the age of 23. While core courses are taught to all students in Gymnasieskola, the student is guided into traditionally male careers at a rate that exceeds the boys, with forty to sixty percent of them preparing for jobs in fields such as mining and transportation.

Female drivers are valued for their aversion to risk and their exceptional treatment of the vehicles, where, according to a TV Gallivere article, "they treat the large vehicles better than male colleagues, they force them not as hard and take [fewer] chances."

Bill Rehn, of TYA Sweden, the Vocational Training and Working Environment Council, is excited about the efforts to encourage girls to consider careers in trucking. "We now have eighteen percent of women in the secondary school for transport truck driving, and that is very good." He added, "Twelve percent of new truck drivers in Sweden [are] women."

Although the Elders in The Giver didn't give children the option to choose, they did make their determinations based on talents and skills. Perhaps we should look at the Swedish model.

In Sweden, education is mandatory for children ages seven to sixteen. Although there are classes for younger children, compulsory comprehensive school, named "Grundskola," begins at the age of six or seven. While most schools are publicly funded, there are a few independent schools in Sweden that might have a different orientation than their government counterparts.

Once the student has completed nine years of primary school, they can elect to enter secondary school, named "Gymnasieskola." In this environment, they are given the option to prepare for higher education or to receive a vocation education. During this three-year education, the students are further split into programs, or different educational pursuits. Those who choose vocational courses will receive at least fifteen weeks of workplace training over the three years.

While core courses are taught to all students in Gymnasieskola, the student is guided into program-specific classes. One of those vocational training options is in "automotive and transportation."

Sweden, as with many other countries, had a shortage of professional drivers. The percentage of females was very low; estimated at about two percent. With smaller trucks, shorter routes, and more home time, the job should have been more attractive to both men and women.

However, efforts to address this need through secondary education have been successful, especially in northern Sweden at the Lapland Gymnasieskola. Here, girls are guided into traditionally male careers at a rate that exceeds the boys, with forty to sixty percent of them preparing for jobs in fields such as mining and transportation.

Women In Trucking, Inc.

Ellen Voie
President/CEO of Women In Trucking, Inc.
Let’s Get Networking

Come to AZ to Network from A to Z

15th Annual UTA Convention
November 5-7, 2014
Talking Stick Resort • Scottsdale, AZ
Well, here we find ourselves firmly launched into 2015! We used to ponder our future ages in the year 2000 and follow that calculation with a silent, “Nah...can’t imagine being that old!” Now, on the inside, we’re as young as we ever were, and as for the outside? Well, that’s all holding up pretty well, too. At least, in our own opinions! Still, there’s little else in life that compares with the turning of the calendar year to help us measure and mark time. As it turns out, this particular year marks an anniversary of sorts for us all. It was just five years ago that we started our jobs as your editors. Five years! Good Golly! That was quick. We’ve been looking back over some of our early columns that ended those first newsletters, and we’ve noted some changes.

For one thing, we stopped apologizing about not knowing anything about the used truck business. Granted, we don’t know anywhere near as much about it as any one of the UTA members who have been at their jobs for five years, but we know a whole lot more than we did five years ago! We learned pretty early on that UTA members are happy to help any newcomer learn their way around the industry. In our time with the association, we’ve found all we have to do is ask a question, and we have plenty of willing teachers to explain the details to us. So, we must admit, we still get stymied now and again by this term or that fact, but we know how to get the answers we need quickly and accurately from the people who aren’t stymied.

That’s a change, but some things have remained exactly the same. One of our very earliest discoveries was how devoted to networking and camaraderie the members of this organization are. We’ve spoken with so many UTA people who credit their mentors and coworkers for their experiences, training, expertise, and success. Whether those mentors were managers, dealership owners, or even counterparts at competitive companies, this organization is dedicated to a healthy and robust trucking industry. So many people have shown us that when one segment of this market is healthy, everyone is better off. It may seem like a big industry to others, but after five years, we are very certain that it represents a fairly small world after all.

We’ve also learned that UTA members are varied in their interests and dedicated to their communities. That same sense of building a better industry is visible in the things that UTA members tell us about their non-working pursuits. So many of the people we’ve met are active in their faith communities, their local service organizations, or their favorite charitable organizations. Those of you who are passionate about a sport or hobby often report to us that you also actively promote and share those passions. The industry itself is devoted to doing good along with doing well. The scholarships you offer and the charities you support go a long way to changing lives for the better.

Finally, mostly all the UTA members we’ve met are dedicated and passionate about their families. So many older members have proudly brought their children into the industry, cementing a family legacy that spans generations. That combination of devotion to family, work, and community has made it a pleasure to tell your stories and share your news. We fully understand why the people in this association seem to like each other and care about each other as they do. You’re a pretty likable group of people!

So, thank you for what’s been a very good five years! We are looking forward to a good many more of them. If you have any particular stories you’d like to tell or read, please drop us an email at editor@uta.org. We feel honored to be your newsletter editors, and we want this newsletter to go through the years reflecting your tastes, needs, and interests. Being embedded in your organization is a pretty good gig for a couple of journalists! At least, that’s the way it looks from where we sit.

Deb and Brad Schepp
editor@uta.org