Foreword

The Teletrac Navman 2018 Telematics Benchmark Survey was conducted in January 2018. A variety of fleet management and fleet operations professionals participated in the survey, bringing expertise from the retail, manufacturing and other transportation industries. The report examines best practices, trends and current issues influencing fleet management in the United States. A review of the methodology can be found in the survey overview and methodology section at the end of this report.
Introduction

The long-awaited Electronic Logging Device (ELD) mandate, which took effect in December 2017, has transformed the trucking industry. Technology has been disrupting transportation for decades but the recent government mandate has highlighted a divide that breaks the transportation sector into two categories: Those who embrace new technologies, such as telematics, and those who do not. In the years leading up to the mandate, GPS fleet tracking systems were a differentiator in the industry. The mandate has leveled the playing field between forward-thinking companies that invested in telematics systems in the past and those companies that adopted these technologies because of the new law. Today, with telematics at its highest adoption level ever recorded, companies are turning to other aspects of their fleet tracking systems to maintain competitive differentiators. Businesses need to focus on the more sophisticated uses of GPS fleet tracking, such as route optimization and driver behavior, to stay relevant.

**KEY THEMES**

**ELD Adoption High, Use Low**
Due to the ELD mandate, telematics adoption is at its highest level ever recorded, but the vast majority of transportation companies are not using their system to its full potential.

**ROI Dips as Awareness Falls**
Survey results indicate a lack of awareness around telematics solutions and how technology can be used to a fleet’s advantage.

**Economic Optimism Shines**
As the economy continues to improve and unemployment is at all-time lows, organizations are optimistic about and planning for future economic and business growth.

**Talent Shortages Plague Industry**
With the growing driver shortage, expanding driver workforce and retaining current talent are among top business goals for 2018. Subsequently, many transportation companies are turning to technology to help.
The ELD mandate continues to be the biggest compliance concern

In 2017, a new law went into effect to implement telematics systems to record Hours of Service (HOS). Adhering to that mandate has been a top concern for transportation companies since Teletrac Navman began tracking the data in 2017. Hourly and/or pay regulations saw the steepest decline among the top compliance concerns for 2018, down 13 percentage points from 2017.

The above diagram illustrates the top compliance concerns for 2018, indicating a decrease over 2017 results.
Telematics adoption hits all-time high, but usage falls behind

Nearly two-thirds of respondents said they were using an ELD to track Hours of Service. However, despite the ELD mandate going into effect in December 2017, 31 percent of all respondents were still using paper logbooks in violation of federal law and 16 percent had yet to make the transition from Automatic Onboard Recording Device (AOBRD) to ELD, which is not required if you have an AOBRD, until December 2019.
Despite negativity surrounding mandate, majority see benefit

In the years leading up to the implementation of the ELD mandate, there was a lot of confusion and negativity surrounding the new law. Many drivers and transportation companies voiced concerns over safety, security and privacy. However, now that the mandate is in place, 72 percent of ELD users perceived benefits from the system. Still, many drivers have concerns. And organizations are working hard to ease those concerns, including using mandatory educational and/or information sessions.
ROI takes hit, HOS monitoring surges as ELD mandate takes effect

A fleet’s return on investment (ROI) for telematics is dependent upon how useful and readily available the right data are in the system and how organizations are changing operations and cultures to utilize that data for continuous improvement and efficiency gains. Survey results indicate a lack of awareness around telematics technology and the knowledge to use GPS fleet tracking to its full potential. Organizations have seen a significant increase in time and cost savings since 2017. When it comes to how organizations are using telematics in their business, vehicle and equipment tracking remains at the top of the list, however, Hours of Service has increased significantly since 2017. Several other important areas saw a marked decrease in utilization, such as speed, harsh braking, and fuel usage.
Underutilization of key functions could explain reduced ROI

Payroll continues to be the biggest expense area, even after a significant decrease since 2017. However, over a third (36%) said fuel costs are the second largest expense, but only 29 percent of organizations said they are using their telematics solution to monitor fuel usage.

Organizations may not be taking full advantage of telematics. With many transportation companies seeing a decline in ROI and an increase in insurance costs, it’s noteworthy to mention that these companies may not be taking full advantage of discounts many insurance providers offer to telematics customers.

Adolfo De La Herran, President of Pointdirect Transport, Inc., pointed out that his company saw savings thanks to implementing telematics. “We just went through our insurance renewal, and that year-over-year improvement got us a huge reduction in insurance cost,” he told Teletrac Navman.1

1 https://www.teletracnavman.com/blog/outside-voices-pointdirect-transport-early-eld-adoption-part-two
Telematics users see fuel cost reduction, fewer accidents

Forty-three percent of organizations that have implemented telematics have seen reduced fuel costs and more than a quarter have seen fewer accidents. Next to payroll, fuel is the second largest expense line for fleets and cost reductions here can directly translate into added profits for businesses. Average price per gallon of diesel fuel was $3.23/gallon in July, a 30% YOY increase. Interestingly, fleet managers use fuel costs as a measure in vehicle purchasing decisions, too. According to a paper by Benjamin Leard of Resources for the Future, household and fleet buyers respond to fuel price changes in similar ways.1
A notable increase in mobile devices

More companies are offering mobile technology to drivers with 76 percent of organizations currently offering or planning to offer it in the next year, which is a significant increase over 2017. The nature of the transportation industry and supply-chain management lends itself nicely to mobile technology, especially as the cost, speed and reliability of mobile technology has improved over the last decade.
Driver benchmarking the missing link?

As organizations struggle to justify the cost of telematics, driver benchmarking may be the answer. While the number declined significantly over 2017, still 43 percent of companies using telematics say they are not currently evaluating driver behavior, despite having the tools to do so. Of those who are evaluating and benchmarking driver behavior, 43 percent do not reward drivers for their performance.
Rewarding drivers proves beneficial

Organizations that offer rewards to drivers for better performance are most likely to experience fewer safety violations, accidents and improved driver retention. In fact, more than 50 percent of organizations said rewarding drivers was directly responsible for reduced safety violations and improved driver retention, which is important considering the talent shortages plaguing companies that operate large fleets. But when it comes to rewards, planning is everything. A research paper by Carolina Mikander of Arcada found that a well-developed and functional reward system is key to increasing employee motivation and satisfaction.²

² https://www.theseus.fi/bitstream/handle/10024/16956/carolina_mikander.pdf
Organizations are optimistic about and planning for economic and business growth

Economic optimism is front and center as significantly more businesses plan to upgrade and expand the size of their fleets this year. This optimism stems from several factors, including a recent spike in retail sales\(^1\) and new technologies that help to improve operational efficiencies.\(^2\) With fleet sales representing more than 10 percent of all U.S. auto sales, this is big news for the economy. Even U.S. billionaire, investor and philanthropist Warren Buffet has acknowledged the recent U.S. economic achievements, saying American supply-chain companies were a worthwhile investment.\(^5\)

![PLANNED INVESTMENTS IN 2018](image)

(Respondents could select all that apply.)

<table>
<thead>
<tr>
<th>Investment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Upgrading fleet</td>
<td>41%</td>
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<tr>
<td>Expanding fleet</td>
<td>37%</td>
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<tr>
<td>Finding, retaining and developing talent</td>
<td>33%</td>
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<tr>
<td>Improving customer experience</td>
<td>28%</td>
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<tr>
<td>Integrating technologies and systems</td>
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<td>More efficient GPS tracking</td>
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<td>Implementing technology for regulatory compliance</td>
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<td>Brand awareness</td>
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<tr>
<td>No investments planned</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
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\(^2\) http://www.fleetowner.com/blog/will-surging-economic-optimism-help-trucking
\(^5\) https://www.supplychain247.com/article/warren_buffett_optimistic_on_us_business_growth
New opportunities abound

While companies in the oil & gas and small package delivery sectors see fewer opportunities for growth, short- and long-haul freight remain big opportunities. This outlook is partially because the rate of U.S. shale production is slowing and U.S. oil production is declining rapidly.\(^6\) However, short-haul, or regional, transportation opportunities have seen tremendous growth in the last five years, contributing heavily to the driver shortage.\(^7\)

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Talent shortage a top concern

With the talent shortage top of mind, expanding driver workforce and retaining current talent are among the top 2018 business goals. Many organizations are turning to technology for assistance. Referrals, followed by online job boards, are the top ways that organizations recruit new employees. More than 50 percent of respondents said they were experiencing a driver shortage.
Companies address labor shortage in variety of ways

Over half of organizations who are experiencing driver shortages are addressing them by increasing pay. Another 36 percent are offering better benefits while 14 percent say they aren’t doing anything at all. Rewarding drivers has also proven effective at helping companies retain drivers, with more than half of survey respondents seeing success through these programs. Fewer safety violations/accidents and improved customer service are also benefits of rewarding driver behavior.

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**RETAIining AND RECRUITING DRivers**

(Respondents could select all that apply.)

- Increasing pay: 58%
- Offering better benefits: 36%
- Providing flexible work arrangements: 27%
- Hiring freelance/contingent drivers/equipment operators: 14%
- Developing educational/training programs: 13%
- Investing in wellness programs: 10%
- Not doing anything: 14%
- Other: 3%

**Benefits of Rewarding Drivers**

(Respondents could select all that apply.)

- Fewer safety violations/accidents: 53%
- Improved driver retention: 52%
- Improved customer service: 36%
- None: 7%
- Too early to tell: 14%
- Other: 2%
Technology plays role in recruiting younger talent

As older workers retire, transportation companies are struggling to reach a younger generation of workers. Technology may be able to help this divide, but the recent ELD mandate may be giving companies tech fatigue. Nearly 60 percent of respondents said they do not plan to implement any new technology in 2018.
Survey Overview and Methodology

The 2018 Teletrac Navman Benchmark Survey includes responses from more than 2,400 fleet operations and fleet management professionals from around the world. Of the total survey respondents, 1,293 indicated that they were based in the United States. Respondents span operations in for-hire and private fleets, government agencies and other fleet operations. This report provides an understanding of best practices and fleet management trends in business, general telematics, emerging technology, transportation, external factors and talent. Results may not amount to 100 percent due to questions with multiple selections. For reporting purposes, all statistical values have been rounded to the nearest whole number.
Teletrac Navman is a leading software-as-a-service (SaaS) provider leveraging location-based technology and services for managing mobile assets. With specialized solutions that deliver greater visibility into real-time insights and analytics, Teletrac Navman helps companies make better business decisions that enhance productivity and profitability. Its fleet and asset management technology uncovers information that would otherwise go unseen, helping customers reduce risk and confidently move their business forward with certainty. It tracks and manages more than 550,000 vehicles and assets for more than 40,000 companies around the world. The company is headquartered in Glenview, IL, with additional offices in the United States, United Kingdom, Australia, New Zealand and Mexico. For more information, visit TeletracNavman.com.