

PortPro's Second Annual **State of Drayage in 2024**

A LOOK BACK AT ONE OF THE MOST
CHALLENGING YEARS FOR THE FRONT
LINES OF THE SUPPLY CHAIN

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Introduction

The drayage trucking industry is constantly changing and moving pieces. But in 2024, the sector faced one of its most disruptive moments.

On October 1, 2024 thousands of dockworkers at U.S. East Coast and Gulf Coast ports went on strike¹, as a deal to renegotiate a labor contract wasn't reached before its expiration at the end of September. The International Longshoremen's Association (ILA) strike, which lasted three days, halted cargo movement at some of the nation's largest seaports.

In the weeks leading up to the strike, anticipating the disruption that might occur, beneficial cargo owners (BCOs) ramped up imports, freight railroads imposed deadlines to accept exports, and drayage trucking firms moved quickly to load containers and leverage extended gate hours at terminals. The labor action highlighted just how interconnected the intermodal and drayage sectors are, and the critical role that drayage trucking companies play in moving freight as they operate at the front lines of the supply chain.

In PortPro's second annual State of Drayage, we examine the key issues affecting the drayage industry in 2024 and how the strongest fleets are using technology to maximize efficiency and compete in a challenging pricing environment.

Executive Summary

In today's state of drayage, it's survival of the fittest. The recent ILA strike exposed vulnerabilities and intensified pressures within this hyper-competitive landscape.

This 2024 State of Drayage report covers 5 key issues:

- 1 The economics of freight:** Import volumes are setting records at the nation's largest ports, but trucking and drayage aren't reaping the benefits with better rates.
- 2 A hyper-competitive drayage landscape:** Continued low rates are creating pricing tensions between drayage companies and beneficial cargo owners (BCOs), exacerbating competition and straining relationships.
- 3 Green technology and regulations:** Pressure from BCOs and regulatory agencies are pushing the adoption of low- and zero-emission vehicles, but high upfront costs complicate the transition.
- 4 Technology and transparency:** The push for improved transparency and information sharing continues to grow. Technology adoption among stakeholders can streamline operations and make a better operating environment for the entire supply chain.
- 5 Nov. 5 and beyond:** In the immediate future, drayage trucking firms will be closely watching the fallout from the ILA strike and any longer-term impacts the work stoppage may have on freight movement. They'll also watch what happens after the election, to see how the outcome will impact the industry.

“
... 2024 is shaping up
to be a year of
unpredictable
imports... ”

— Lisa Yakomin, President
Association of Bi-State
Motor Carriers

The Economics of Freight

Drayage might feel like the “small” movements of the supply chain, transporting containers locally from the port terminal to the railyard or nearby warehouse. But the industry is by no means a small one. Research firm Technavio pegged the market of global drayage services at \$25.3 billion².

The sector has experienced a rollercoaster of volumes and rates over the last four years, with a major shock to the system in 2020 with the COVID-19 pandemic. Freight traffic dropped dramatically in the spring of 2020 when many businesses and services initially grounded to a halt. But volume rebounded immensely in the latter part of the year, giving drayage firms plenty of containers to haul – sometimes more than they could handle.

The 25 busiest container ports handled 44 million loaded TEUs in 2022, per the Bureau of Transportation Statistics³. In 2023, the United States imports and exports of automotive vehicles and parts, along with exports of capital, consumer, and other goods, were the highest on record, according to the Census Bureau⁴.

Source:

(1) (<https://portpro.io/blog/the-port-strike-is-a-bfd-and-we-all-need-to-pay-attention-here-s-why>)

(2) (Technavio 2023 Research | Page 32)

(3) (<https://data.bts.gov/stories/s/Container-TEU/x3fb-aeda>)

(4) (<https://www.census.gov/foreign-trade/statistics/highlights/AnnualPressHighlights.pdf>)

List of Top 25 Container Ports by TEU (Ranked by TEU)⁵

1. Port of Los Angeles, CA	14. Honolulu O'ahu, HI
2. Port of Long Beach, CA	15. Baltimore, MD
3. Port of New York & New Jersey, NY & NJ	16. Port Everglades, FL
4. Port of Savannah, GA	17. Philadelphia Regional Port, PA
5. Port of Virginia, VA	18. Mobile, AL
6. Port Houston, TX	19. Port of Alaska in Anchorage, AK
7. Port of Charleston, SC	20. Port of New Orleans, LA
8. Port of Oakland, CA	21. Wilmington, NC
9. Tacoma, WA	22. Wilmington, DE
10. Port of Seattle, WA	23. Port of Palm Beach District, FL
11. Jacksonville, FL	24. South Jersey Port Corporation, NJ
12. Port Miami, FL	25. Boston, MA
13. San Juan, PR	

U.S. Department of Transportation, Bureau of Transportation Statistics, 2024 Port Performance Freight Statistics Program: Annual Report to Congress (Washington, DC: 2024).

Now, 2024 is shaping up to be a year of unpredictable freight movement, said Lisa Yakomin, president of the Association of Bi-State Motor Carriers, which represents businesses working in intermodal commerce at the Ports of New York and New Jersey.

"There used to be a cyclical nature to the freight," Yakomin said. But not since the pandemic, when "those patterns all went out the window," she said. "We can't always rely on past experience now."

The Port of New York and New Jersey saw a surge in volume over the summer, with 806,015 total TEUs in July, its busiest July on record⁶. BCOs ordered extra volume in anticipation of October's strike, to ensure they had enough inventory in case the strike slowed freight movement.

A similar situation played out on the West Coast, said Matt Schrap, CEO of the Harbor Trucking Association, which represents drayage truckers working with the Ports of Los Angeles and Long Beach, the nation's largest ports by volume. Both ports had their busiest Julys on record⁷.

Nationally, the National Retail Federation and Hackett Associates Global Port Tracker predict imports will reach 25 million TEUs this year, just shy of levels in 2021 and 2022, and up more than 12% from 2023⁸.

A Hyper-Competitive Drayage Landscape

The high volumes have yet to reverberate to trucking rates, and that's because of a supply-demand imbalance in the industry. Tons of capacity and new trucking firms entered the market to cope with 2020's high volumes, and that additional supply "hasn't necessarily flushed out of the market," said Michael Mecca, CEO of PortPro. "So you have hyper levels of competition."

The steep competition has created pricing tensions and even strained relationships between drayage carriers and BCOs, Mecca said. "I've been seeing BCOs and shippers end relationships with carriers they've worked with for 20+ years because of rates," Mecca said. "Or shippers increase volumes, while offering the same or even worse rates to carriers."

If there's a silver lining to the competitive environment, it's that drayage carriers are finding ways to work smarter, prioritize efficiency to keep costs in check, and make their business resilient.

Source:

(5) (<https://doi.org/10.21949/1529945>)

(6) (<https://www.portbreakingwaves.com/port-of-ny-and-nj-sees-busiest-july-ever/>)

(7) (https://www.portoflosangeles.org/references/2024-news-releases/news_081324_july_cargo)

(8) (<https://nrf.com/media-center/press-releases/september-import-cargo-remain-elevated-ahead-possible-port-strike>)

"The best drayage companies are investing in future-proofing their businesses," Mecca said, "establishing infrastructure and equipment that lets them scale the business and developing internal processes for their teams."

It may seem counterintuitive to invest in technology as a means to trim costs. But Paul Bingham, director of global intelligence and analytics and transportation consulting at S&P Global Market Intelligence, said artificial intelligence tools such as truck telematics have "clearly had some payback" for the fleets that have been able to implement them. For example, telematics can help optimize routes, detect when maintenance is necessary, and track the real-time status of a shipment.

Trucking firms with telematics "operate more fluidly" and "have better utilization" of their assets, Bingham said. That, in turn, can save on operational costs – a critical need in the environment of low trucking rates.

"The truckers that have done the best in managing their business are those that have invested in technology tools," said Bingham.

"The best drayage companies are investing in future-proofing their businesses, establishing infrastructure and equipment that lets them scale the business, and developing internal processes for their teams."

— Michael Mecca,
CEO of PortPro

The Push for Green Technology

As drayage trucking firms compete on price on a national scale, companies face different challenges and macro factors depending on their location.

On the West Coast in particular, stakeholders in the public and private sector are pushing for greater adoption of green technology in trucking, often in the form of low- or zero-emissions vehicles. The movement is especially prevalent in California.

While most players in the supply chain agree on the mission of reducing emissions, the reality of costs often falls through the cracks. Purchasing a new electric semi-truck can cost as much as \$300,000, while an average diesel truck costs \$100,000⁹. Carriers would ideally charge higher rates for low- or zero-emission vehicle transport, offering the promise of lowered supply chain emissions, but shippers aren't always willing to foot the bill.

"You have reluctance by BCOs and shippers to pay higher rates for people who are operating green technology," Schrap said.

Long term, fleets can recoup value through lower maintenance costs and virtually non-existent fuel costs. But the up-front costs create a high barrier to entry that many firms, particularly small businesses and owner-operators, can't afford.

West Coast drayage companies are competing not only with their peers, but also with freight railroads. The southern California ports continue to build on-dock rail facilities, allowing containers to directly transfer from ship to rail and skip the truck. Depending on the destination, BCOs may opt for rail if it's faster, more efficient, more emissions-friendly, or a combo of factors.

"Even with increases of container volumes into specific ports, you see some more leverage of rail and intermodal solutions that don't involve trucks," Mecca said.

On the East Coast, aside from the big strike disruption, returns of empty containers continue to be a challenge for drayage companies.

"We are not seeing an equitable balance of returning those containers back to the point of origin. And when that happens, we start to experience equipment shortages," Yakomin said. The empty container has to be stored somewhere, and the chassis underneath it remains tied up.

And well beyond the coasts, global factors ultimately reverberate to U.S. seaports. Piracy issues in the Suez Canal have driven ocean carriers to reroute around the southern tip of Africa. The journey is longer, and it throws off schedules, creating what Yakomin called "vessel bunching."

With drought conditions and vessel restrictions at the Panama Canal, some shippers opted to import goods via the Transpacific into California rather than transiting the canal. Bingham said that – along with the strike on the East Coast – benefited West Coast ports in terms of market share.

"If my business is in the affected East and Gulf Coast ports, I've suffered a bit financially this year," Bingham said. On the flip side, he said, drayage truckers on the West Coast have benefitted from some increased volumes.

Many of these factors may seem like they're out of a drayage firm's control, and in some ways, they are; a trucking company certainly can't control the water levels of the Panama Canal.

But where drayage companies can take charge is adopting the right tools into their own businesses. That allows them to be nimble and adapt to whatever changes are thrown their way – whether it's a pricing change or cargo rerouting due to piracy halfway across the globe.

Source:

(9) (<https://www.freight-specialist.com/ev-semi-freight-cost/>)



Spotlight on Ancotrans

Europe's Leading Drayage Trucking Company

U.S. drayage carriers may find a small comfort in the fact that their counterparts across the pond are dealing with many of the same challenges.

Anne Kathrine Steenbjerge is the CEO of Ancotrans, a 5th-generation family-owned container transport company in Denmark and the leading drayage trucking company in Europe. The firm, which has been focused on container transport since the 1970s, has 415 employees, and more than 900 trucks on the road each day transporting 1,200 containers daily.

Steenbjerge said prices were dropping at the beginning of the year, as January was one of the worst years volume-wise. Steenbjerge's company was forced to adjust capacity to demand, and volume started to bounce back in the second half of the year, returning the European drayage sector to a more normal operating environment.

"Despite the rough market conditions, we have stayed the course with regards to our strategic plans," Steenbjerge said.

Among those plans was a green agenda. Ancotrans now has a fleet of eight electric trucks up and running, providing important learnings the company can apply when demand grows and electric trucks are operated at a larger scale. Steenbjerge said her company is discovering how to combat challenges, like the battery and load capacity of EVs, along with the availability of charging infrastructure. Just like on the U.S. West Coast, customers express interest in and request green solutions, but "with a lack of willingness to pay for them," Steenbjerge said.

Customers are also hungry for more data – everything from raw data through API integrations, to web solutions for smaller customers. In drayage across the world, customer service is paramount, and drayage firms are eager to please beneficial cargo owners. Ancotrans has started tracking a net promoter score for customers, to get a clearer picture of performance on customer service.

Steenbjerge hopes for a future of more stable volume and rates. But as always with the dynamic supply chain ecosystem, "it is currently unclear what to expect," she said.

There's Nothing to Hide: Technology & Transparency Take Center Stage

Both coasts have seen drayage truckers start to embrace technology that shares information between various stakeholders at the ports. With greater transparency and info sharing, fleets can operate smoothly and efficiently, generally making life a little bit easier for the drayage industry.

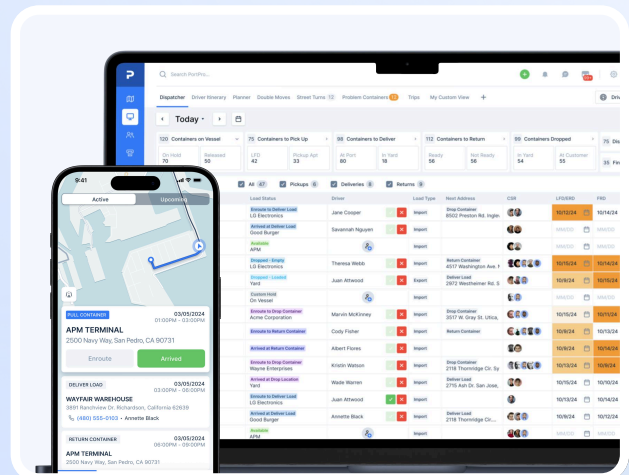
Transparency is the word of the year, according to Yakomin. "The call for increased transparency is higher than it's ever been," she said.

Transparency for appointment systems, container locations, free time, and detention would help with the challenge of double moves and ensure a smooth flow of containers in and out of terminals.

"The number one goal for anyone that's moving containers is velocity," Yakomin said. "That's the one thread that we all have in common, the terminal operators, the ocean carriers, the beneficial cargo owners, the truckers. We want to keep those boxes moving, bring them in, take them out."

Schrap said drayage companies are embracing technology and AI, using APIs with terminals to set appointments. Then they interact with the TMS to dispatch a truck, ultimately cutting down on waiting time at the gates.

"There's a lot of positive things on the horizon," Schrap said. "Technology seems to be really helping in a lot of regards when it comes to appointment scheduling, route maximization, and dispatch. There's a lot of great things happening."



There's also room for improvement, though. In an ideal situation, an integrated system would provide transparent real-time information between shipping lines, terminals, drayage truckers, BCOs, and other players. Everyone in the port ecosystem could see when containers are available, make appointments, dispatch trucks, and track per diem costs to best avoid detention charges.

"If there's nothing to hide, then we shouldn't be hiding," Schrap said. "I don't think that it's a matter of weaponizing the information against others. It's a matter of utilizing it so we can all be better actors in this supply chain."

Drayage trucking companies don't have to wait for other players to share, though. They've been taking steps to incorporate technology into their own systems, processes, and organizations. "The name of the game is integration and leveraging technology towards our advantage," Schrap said.

Mecca identified a few problems with drayage and manual processes. When a company runs on paper, pen, spreadsheets, or legacy server-based systems that haven't innovated in a while, that can drain resources, and make it harder to scale when the opportunity for more business comes along. Slow response times to inquiries can result in missed business opportunities, lost revenue, and dissatisfied customers.

If a drayage company's systems aren't integrated, they might have emails on one platform, appointments on another, and driver dispatch and communication on yet another.

"It's hard to grow when your time is spent in so many different places," Mecca said.

“

The name of the game is integration and leveraging technology towards our advantage.”

— **Matt Schrap, CEO of the Harbor Trucking Association**

Coming Up: Regulations and Tariffs

In the immediate future, drayage trucking firms will be closely watching the fallout from the ILA strike and any longer-term impacts the work stoppage may have on freight movement. Next, they'll watch the results of the upcoming presidential election, to see how the outcome may impact the industry.

The classification of independent contractors, and whether owner-operators will need to be classified as employees, has big ramifications for trucking and drayage. Yakomin said 77% of truck drivers at the Port of New York and New Jersey are owner-operators. That large majority of the workforce "will be at risk of not being able to continue being their own boss and being a self-employed individual if the PRO Act passes. That's a big problem," she said.

Trade policy will also be on trucking firms' and BCOs' minds. If the next administration decides to implement or raise tariffs on imports, shippers might pull forward inventory in an attempt to bring in shipments ahead of the tariffs. "There would be a burst" before the tariffs took effect, Bingham said, creating a surge in volume for drayage truckers in a short period of time. Volumes could quickly dip after that burst, putting drayage firms back in the position of overcapacity, low volumes, and a dip in rates.

The final election-related issue would be the Advanced Clean Fleets (ACF) regulation in California, and whether the Environmental Protection Agency will grant a waiver necessary for the rule to be enacted. ACF would require certain fleets, such as drayage firms and fleets with 50 or more trucks, to purchase zero-emission vehicles. Schrap said the waiver could take 2,000 trucks out of capacity because they would be aged out of eligibility.



Conclusion: What Will Drayage Face In 2025?

Drayage trucking companies are full steam ahead on modernizing and future-proofing their businesses, making operations as efficient as possible so companies can save costs and compete in a tough pricing environment. AI is already transforming the supply chain, including trucking, which some have seen as an antiquated or manual industry. Drayage companies are integrating their systems – for example, email with TMS – to keep tabs on quote requests that come in or the status of a customer inquiry. AI's influence is only set to broaden as the technology evolves.

There's never a dull moment in the drayage industry. Whether it's a labor strike at a nearby port, a tense rate discussion with a BCO, or regulations that cause a seachange in operations, drayage trucking companies are always on their toes. Now and in the future, drayage companies are continuing to embrace technology to operate as efficiently as possible and to react quickly when a situation demands it.

"The most you can possibly do to mitigate any potential unforeseen issues, the better off you're going to be," Schrap said. "And really the best way to do that is through technology."

In 2025, many of the same issues that affected drayage trucking companies this year will continue to be top of mind next year. Stakeholders will continue to push for transparency, especially as cargo flows normalize after the fallout from the labor strike. Green technology will come to the forefront, as regulations advance and BCOs look to incorporate more sustainable practices into their extended supply chains.

Now and in the future, drayage companies are continuing to embrace technology to operate as efficiently as possible and to react quickly when a situation demands it.

As for volume and pricing, it's anyone's guess which way the freight market might swing. The Federal Reserve has already cut interest rates, and there's a good chance the Fed will slash the rates again in 2025. If that happens, businesses and consumers might feel more confident in investing and borrowing money at a lower rate, which could spur spending and more goods coming into the U.S. That, in turn, would amplify the demand for drayage carriers to transport the goods. Drayage firms will closely watch to see how volumes and prices change in the coming year. As Steenbjerger put it: "It is currently unclear what to expect."



This 2024 State of Drayage report is brought to you by **PortPro**.

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ABOUT PORTPRO

PortPro is an innovative technology company that keeps the drayage industry moving efficiently with its operating platform built for drayage trucking companies, brokerages, and those that do both. Our flagship TMS platform streamlines order entry, dispatch management, container tracking, communication, appointment-setting, accounts receivable, accounts payable, reporting, AI-driven insights, and more for our customers - who can then provide full transparency and better service to their customers.

Visit www.portpro.io for more information and to schedule a demo.

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