Q1 INSIGHTS ON RECRUITING & RETENTION

6 BIG TAKEAWAYS

Each quarter, we monitor the collective activity of the 3.7 million drivers who use our tools and analyze the impact of best practices using data from our 4,400+ for-hire and private fleet clients. This data lets us measure critical macro trends as drivers seek new opportunities so we can share what carriers need to know to make their recruiting and retention efforts more successful.

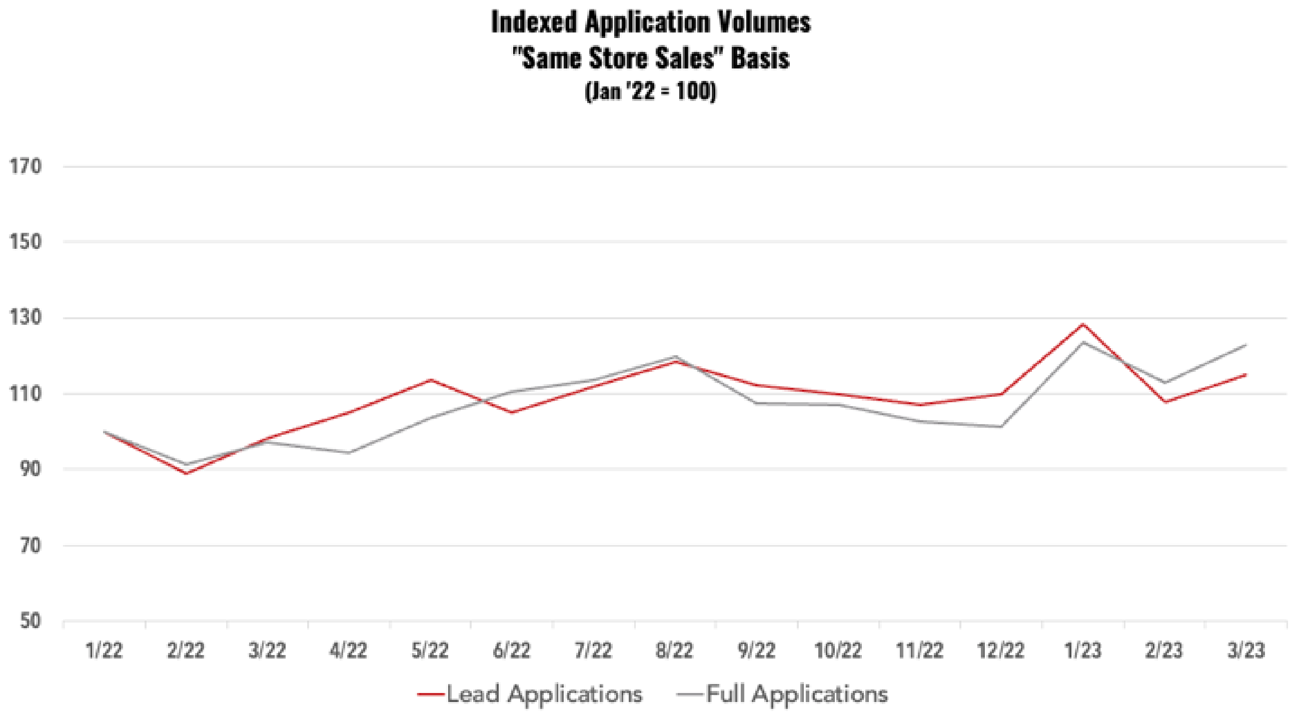
Our data from Q1 2023 revealed patterns of driver behavior that haven't been seen in years. Drivers are taking serious steps to look for alternative employers and turnover numbers are climbing back from Q4 2022, but the flurry of activity isn't happening across all fleet sizes.

Read on for our breakdown of **4 INDUSTRY TRENDS** to be aware of and our **6 BIGGEST TAKEAWAYS** you can leverage for success at your carrier.

AS Q1 ENDED, MORE DRIVERS WERE SERIOUSLY JOB-SEEKING

Drivers are filling out more full apps than leads - meaning they're serious about exploring their options - but the application volume is higher the smaller your fleet size.

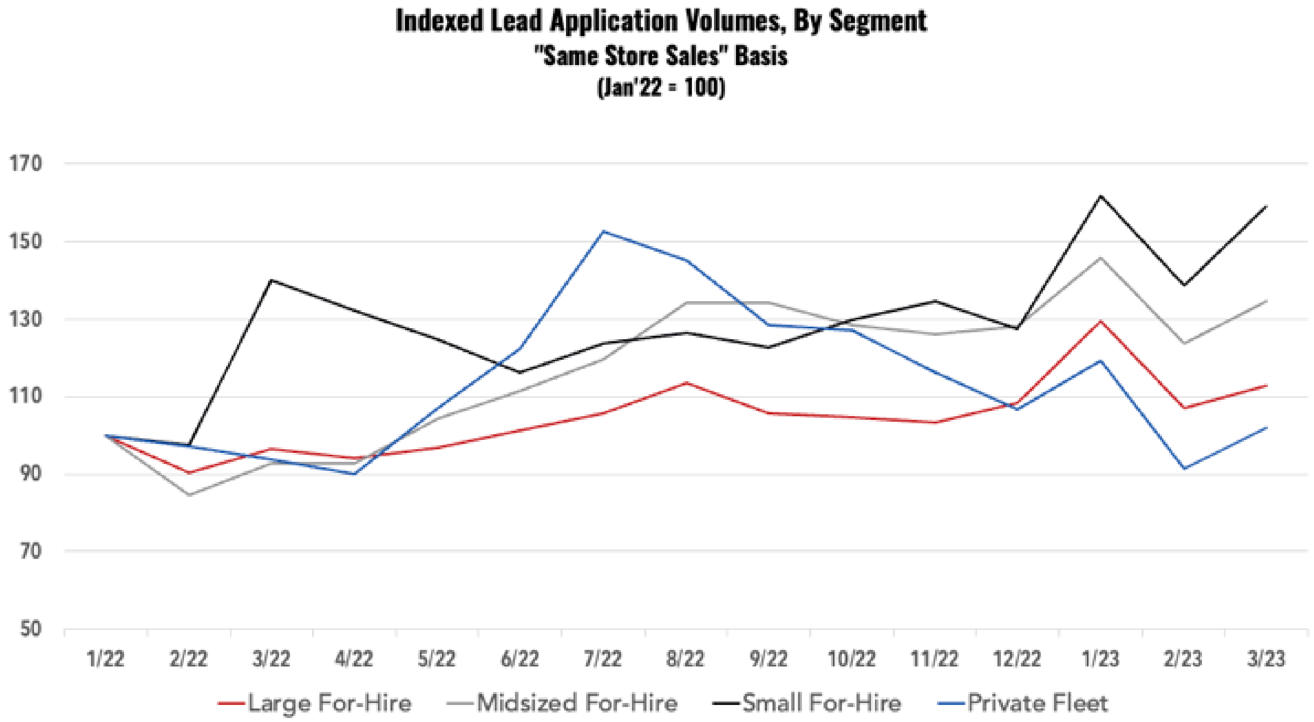
The **Indexed Application Volumes Graph** is a measure of Tenstreet clients who have used the Tenstreet system from January of 2022 to March of 2023 and how many leads and applications those clients got. January 2022 is assigned a value of **100**, which gives us an easy way to see rates of application activity change over the last 15 months while removing the impact of growth in the number of carriers using the platform.



The data shows that driver leads and applications, despite seasonal dips, have risen since the start of 2022 and are way up from where they were in March of last year. Even more interesting is the fact that the rate of drivers submitting full applications has risen above the rate of drivers submitting lead applications, indicating drivers are more serious about pursuing new employment than they are about testing the waters.

Seeing more apps than leads is a rare phenomenon that indicates an especially strong driver sentiment around a desire for different employment.

The **Indexed Lead Application Volumes, By Segment** graph dives further into this theme and uses a similar methodology to the Indexed Application Volumes Graph to measure lead and app behavior based on the size of the carrier, where January of 2022 is represented by the value 100.

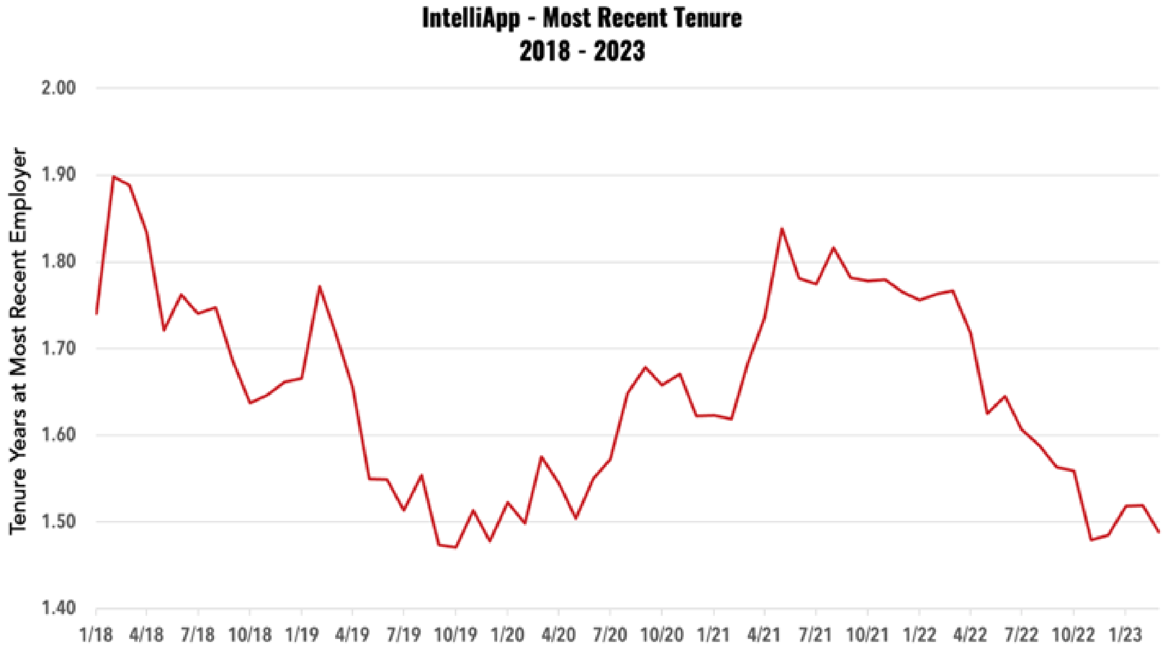


This graph demonstrates that the phenomenon of driver availability has not hit all carriers equally - private fleets and larger for-hire fleets haven't had as large a volume of qualified candidates, but if you're a small or midsize carrier that's awash in applicants, you aren't alone - we've seen a lot of this behavior among our clients.

AN UNCERTAIN ECONOMY IS MAKING DRIVERS RESTLESS

Changing jobs costs a driver, on average, $2,000 in lost income. They need the right motivation to take that hit for the chance at a better job in the long term, and an uncertain economic outlook is often the motivator of the market.

The **IntelliApp - Most Recent Tenure** graph is a measure of drivers who show a high level of discretion (as determined by the following criteria: experienced drivers, no recent accidents, moved from one trucking company to another trucking company when changing jobs) and at what points they are likely to consider a job change. We charted the tenure length at these drivers' most recent companies of employment over time.

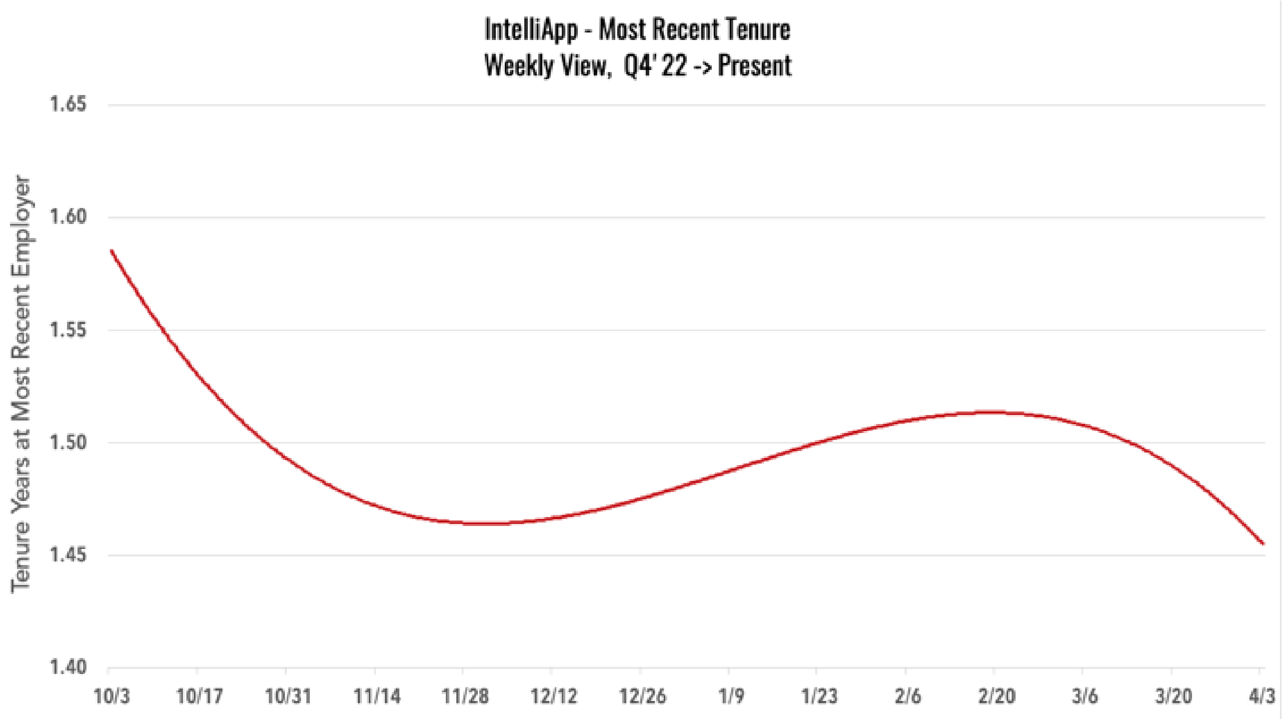


This data tracking led to several interesting conclusions. Overall, tenure of drivers with discretion is a metric that parallels almost any other significant industry indices (spot market, freight volume, etc.) - meaning that this metric is a good measure of collective driver sentiment.

Generally speaking, when the economy improves, "most recent tenure" rises. The chart above reflects the tail end of the 2018 expansion period, followed by the freight recession of 2018 and 2019. 2020 saw an explosion of freight hauling work as people trapped at home because of the coronavirus pandemic did more shopping than ever online. We are now on a downward slope as a result of the softening economy that is causing tenures to fall again.

Why is tenure length correlated with the strength of the economy? Simply put, when the economy is good, drivers feel comfortable staying put at a company and are likely getting the miles they need to make the money they want to make. When the outlook is more uncertain, they're far more likely to leave a carrier sooner in search of the promise of better pay and more miles.

The **Weekly View, Q4'22 -> Present** graph zooms into this trend by focusing on and smoothing out the last 6 months of **Intelliapp - Most Recent Tenure** data.



The last two quarters have seen a bump in tenure length around Thanksgiving and Christmas (a usual phenomenon since drivers don't want to be first-in at a new company and have to work over the holidays) which has since led to a steady downturn. Drivers today are more pessimistic than they've been in a long time, making them more available than ever to be recruited.

Another recent finding of ours is worth keeping in mind: when a driver changes carriers, it costs him an average of $2,000 in lost income in the time it takes him to go through orientation and get fully onboarded into his new truck. That isn't a sacrifice drivers are willing to make on a whim - but that opportunity cost drops for them when they feel uncertain about the prospect of future miles or aren't happy with their current arrangement.

Given our measure of drivers with the most discretion, this means that more highly-qualified drivers are entering the market sooner than they would be at any time in the past 5 years.

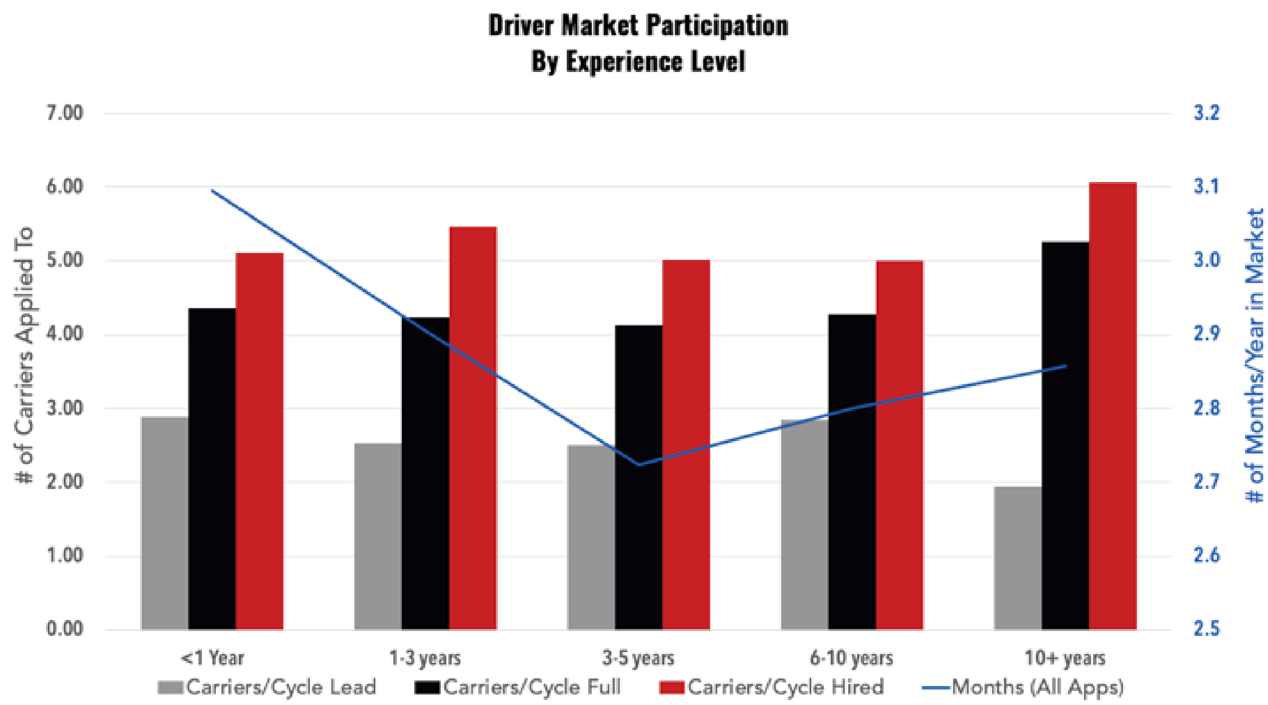
DRIVERS ARE BEING PURSUED CONSTANTLY BY CARRIERS

Drivers entertain the option of changing carriers 3 times a year on average and are talking to as many as 6 different carriers at the time of a job offer.

The **Driver Market Participation By Experience Level** graph takes data from the 3.7 million drivers we received application data from in the past year and measures how many carriers a driver applies to when she enters the market, as well as how many times a year she enters the driver market, based on experience level.

The bottom axis corresponds to categories signifying how much driving experience a driver has. The gray, black, and red bars signify what happens when a driver enters the market; the gray bar indicates how many carriers a driver submits a lead to, the black bar indicates how many carriers a driver submits a full app to, and the red bar indicates how many carriers a driver is talking to when they get a job offer. The blue line on the graph corresponds to the right vertical axis and measures the number of times a driver enters the market per year. "Entering the market" in this context means submitting a lead application or a full application to a carrier.

In this dataset, we have excluded drivers with less than 3 months' experience (like student drivers or CDL holders who don't go on to work for a carrier) to get a more accurate reflection of working driver behavior.

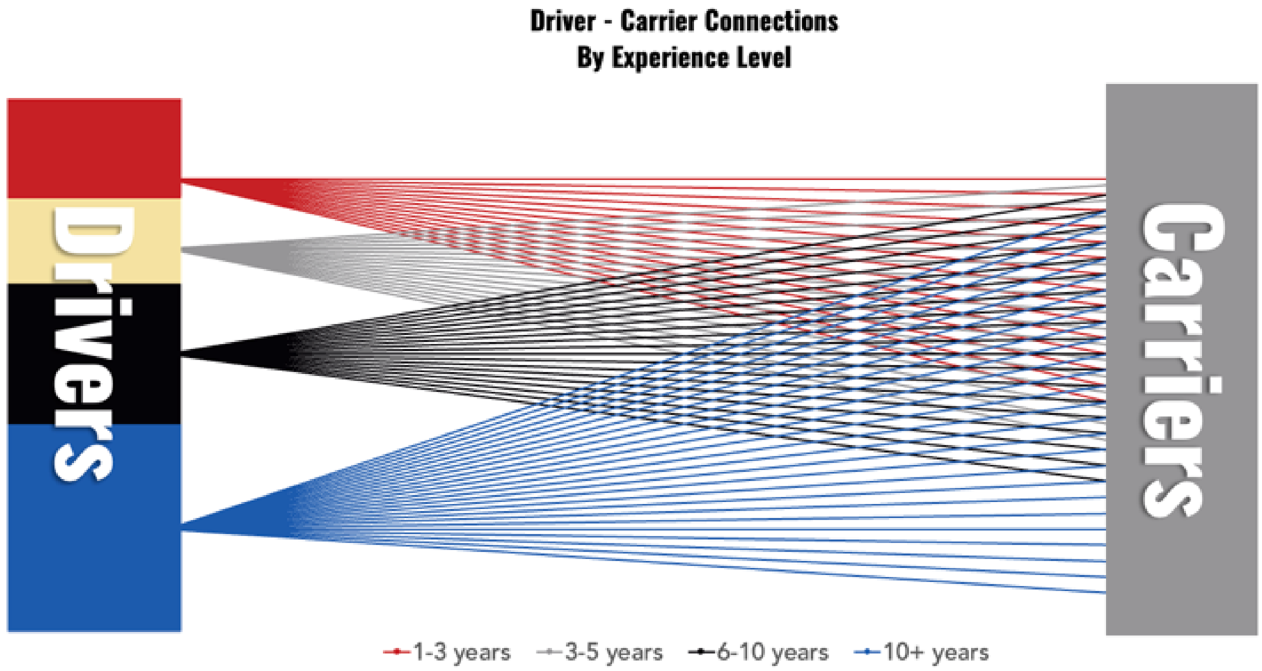


As the blue line indicates, drivers re-enter the market on average 3 times a year, meaning they are testing the waters every 4 months. If they don't feel taken care of, they'll be more inclined to look seriously at their options elsewhere.

The bars on the chart paint a clear picture of how competitive hiring a driver becomes when it becomes clear they are serious about changing jobs. When they are in the lead-submitting stage (gray bars), drivers are talking to 2.5 carriers on average. Once they're in the process of submitting full applications (black bar), the number of carriers they're talking with jumps to 4.5 carriers on average. If any of those carriers has extended an offer, at that point the driver is talking to an average of 5.5 carriers.

Drivers who are serious about changing carriers are looking for the best deal possible - thus why they're often vetting so many options at once. But for carriers, this means more competition the further along in the hiring process they get with a driver. Scheduling a driver for orientation doesn't mean you're in the clear - in fact, this is the most important time to stay engaged with the driver, as she is likely considering other offers at the same time.

The **Driver-Carrier Connections By Experience Level** chart visualizes the number of carriers a driver is connected to based on experience level.



This chart, in measuring how many carriers a driver has applied, is also measuring how many carriers have that driver's data and are likely to be reaching out on occasion to see if the driver is interested in making a job change. For drivers with 1-3 years of experience, they have applied to an average of 14 carriers. On average, drivers with 3-5 years of experience have applied to 16, drivers with 6-10 years have applied to 18, and drivers who have 10+ years of experience have applied to 24 carriers.

What this means for drivers is that they are hearing from most, if not all, of these carriers on a regular basis, resulting in a flood of emails, texts, and messages that keep other options constantly on a driver's mind. According to our data, the average driver gets a message from a carrier every 1.7 days - and that number jumps to every 1.3 days for drivers with more than 10 years of experience.

All this makes for a noisy marketplace that drivers are entering every 4 months - a huge challenge for recruiters to cut through the crowd to promote their companies and employees charged with retaining drivers long-term.

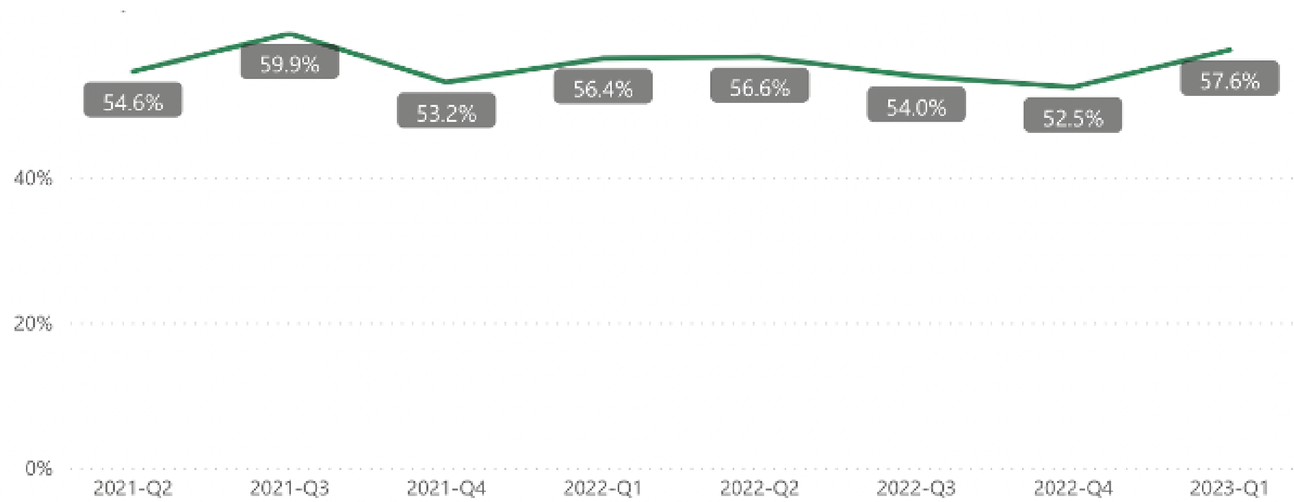
INDUSTRY TREND 4

TURNOVER RATES AMONG DRIVERS ARE RISING

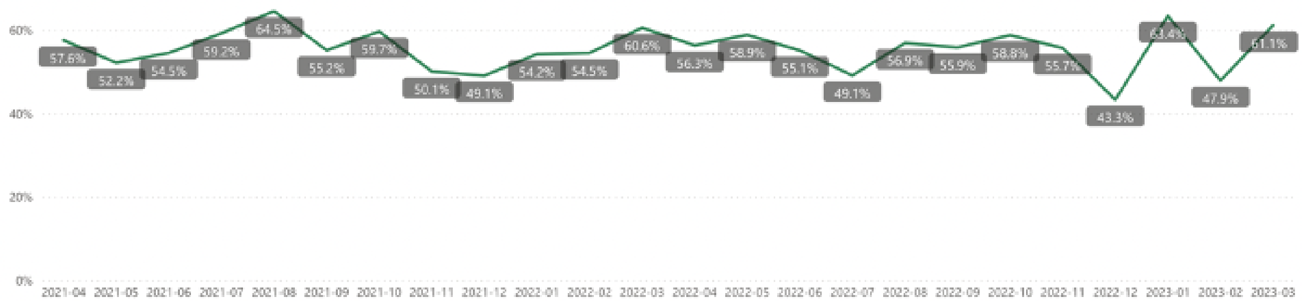
Driver turnover is on the rebound - a further indication that keeping drivers is much harder than finding them.

Displayed below are our **Quarterly & Monthly Annualized Turnover** and **Stay Days Table** reports, which highlight the trends we've been seeing in driver retention behavior once a driver is hired at a carrier. The **Quarterly & Monthly Annualized Turnover** charts provide detail into driver employment trends among carriers.

QUARTERLY ANNUALIZED DRIVER TURNOVER



MONTHLY ANNUALIZED DRIVER TURNOVER



The **Stay Days Table** serves as a "survivor" chart tracking how long recently hired drivers are staying with their carriers.

STAY DAYS TABLE

Date	7 Days	30 Days	45 Days	60 Days	90 Days	120 Days	180 Days	270 Days	365 Days	Average Days Stayed in First Year
April 2021	97.1%	85.3%	80.7%	76.7%	68.8%	64.2%	57.4%	51.2%	44.2%	220
May 2021	94.9%	85.9%	80.4%	78.6%	68.9%	62.6%	52.0%	42.2%	35.0%	207
June 2021	93.6%	83.2%	79.9%	76.4%	70.4%	64.1%	57.0%	48.3%	41.8%	218
July 2021	95.2%	81.1%	76.1%	72.2%	67.1%	61.3%	54.8%	46.0%	41.7%	211
August 2021	95.2%	86.7%	82.5%	78.0%	70.7%	66.1%	61.2%	52.6%	48.9%	228
September 2021	91.2%	84.0%	79.4%	75.7%	67.6%	63.9%	55.7%	45.2%	36.7%	208
October 2021	95.1%	84.9%	81.1%	79.5%	74.9%	67.6%	61.7%	51.4%	45.9%	232
November 2021	95.2%	88.2%	78.5%	73.7%	66.3%	58.7%	52.4%	44.4%	38.9%	205
December 2021	91.0%	84.4%	81.3%	75.4%	64.6%	60.8%	53.6%	46.0%	39.3%	209
January 2022	95.4%	84.2%	79.8%	74.5%	67.5%	60.5%	53.1%	45.7%	36.8%	209
February 2022	95.5%	87.0%	80.6%	77.5%	69.3%	63.2%	55.3%	49.4%	45.5%	220
March 2022	95.7%	88.5%	83.7%	80.7%	71.4%	64.1%	56.5%	44.4%	38.2%	216
April 2022	94.5%	84.1%	77.2%	72.4%	65.8%	60.2%	52.9%	45.5%		
May 2022	96.5%	89.7%	84.8%	80.4%	73.8%	65.0%	54.7%	47.1%		
June 2022	96.7%	86.7%	82.7%	76.7%	71.5%	67.1%	58.6%	49.4%		
July 2022	96.5%	85.4%	81.0%	78.0%	70.0%	65.2%	57.0%			
August 2022	96.8%	88.2%	79.0%	71.7%	65.7%	61.5%	51.9%			
September 2022	96.5%	88.6%	81.8%	73.5%	66.3%	60.8%	51.5%			
October 2022	96.5%	85.9%	81.5%	76.5%	72.1%	62.7%				
November 2022	94.6%	84.9%	79.8%	76.5%	70.6%	64.4%				
December 2022	95.6%	86.4%	79.6%	74.6%	65.2%					
January 2023	97.1%	89.2%	84.0%	79.8%						
February 2023	96.2%	85.7%	81.5%							
March 2023	95.0%									

When looking at the quarterly turnover report, the quick conclusion to draw is that turnover has jumped back up after decreasing for the previous two quarters (a jump of over 5% from Q4 2022 to Q1 2023), and that drivers are more likely to move. This aligns with Q4 2021 to Q1 2022 (a jump of just over 3%).

However, when looking at recent monthly turnover this quarter, the numbers here are inconsistent, jumping back and forth from November through March. Turnover is typically lower in December, but since then, we have seen drastic shifts in turnover from one month to the next, indicating instability in the market. This further points to signs that the sagging economy is coaxing drivers back into a crowded marketplace.

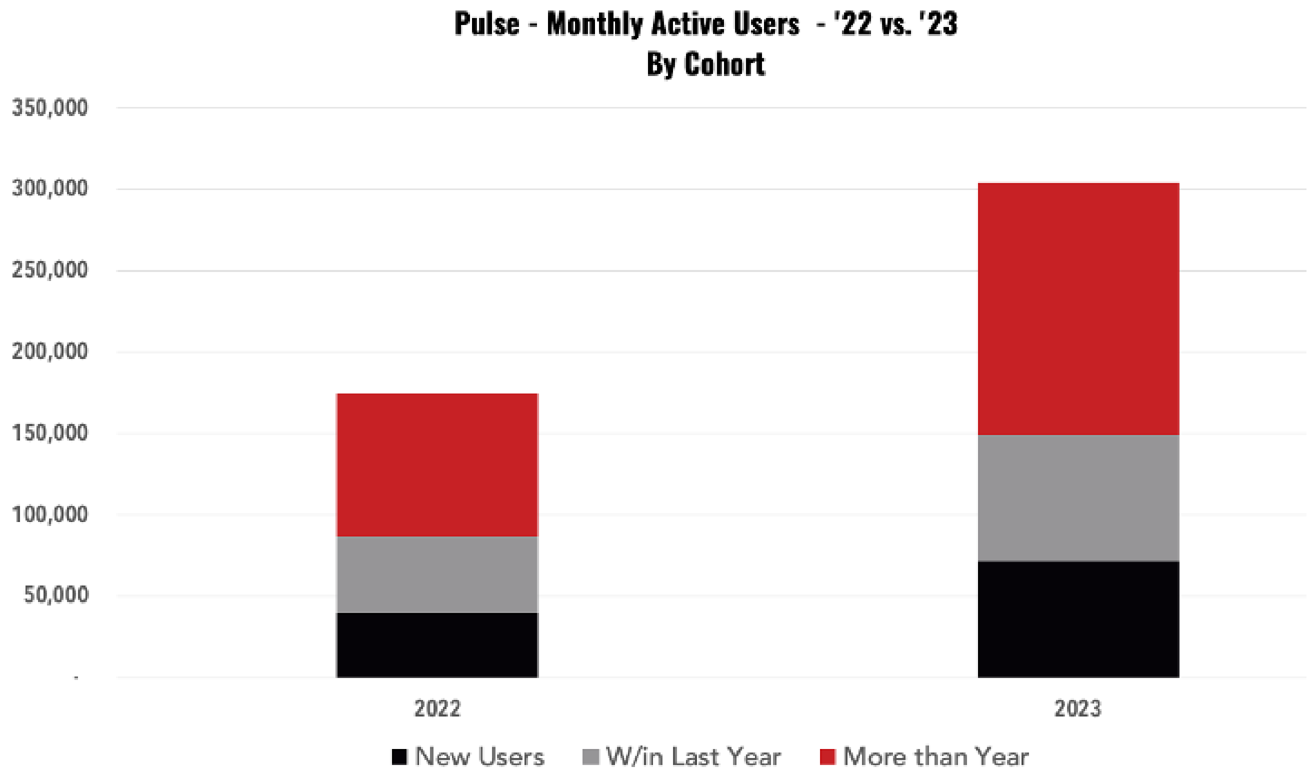
KNOWING WHAT'S HAPPENING IN THE INDUSTRY IS ONLY HALF THE BATTLE. READ ON TO LEARN HOW TO LEVERAGE THESE TRENDS TO MAKE MORE HIRES AND RETAIN THEM LONGER.

THE TAKEAWAYS

1. USE THE RIGHT TOOLS TO REACH DRIVERS

By our estimates, 85% of commercial drivers use Driver Pulse, making it an ideal place to communicate, collect applications, and complete onboarding tasks.

The **Pulse Monthly Active Users** graph depicts the volume of drivers using the Driver Pulse App monthly in 2022 and 2023.



Pulse usage grew by more than 100,000 monthly drivers between 2022 and 2023, but perhaps more significantly, the number of drivers who have had the app on their phone for more than a year was the fastest-growing category of users. By our measurements, 85% of working commercial drivers have the Pulse app on their phones - and that figure jumps to 90% when looking at drivers with more than 10 years of experience.

Drivers are constantly encouraged to engage with new technologies and will be quick to delete an app that isn't giving them value. The fact that Pulse is a technology that drivers continue to depend on, month after month, makes it an optimal tool for soliciting driver applications, communicating with prospects, collecting onboarding documentation, and more.

This high volume of usage and long-term adoption of the Pulse app make it a tool that carriers can use to cut through the noise when recruiting and retaining drivers.

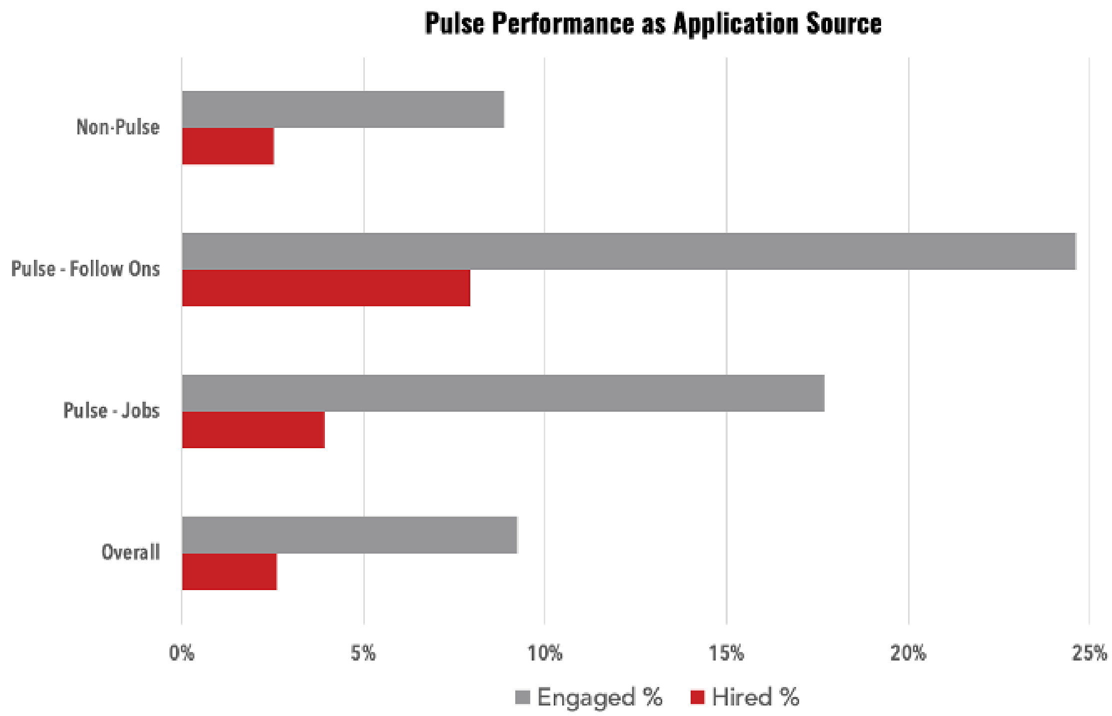
2. REACH DRIVERS WHEN THEY'RE IN A CAREER MINDSET

Collecting applications through the tool drivers use to manage other important aspects of their work-life leads to more productive conversations that convert to more hires.

The **Pulse Performance as Application Source** chart compares the performance of job applications that come from different sources. Non-Pulse refers to applications that come from outside of the Pulse app, Pulse-Follow Ons refers to a lead app that comes from an outside channel but leads to an IntelliApp being filled out in Pulse, Pulse - Jobs refers to IntelliApps that come in as a result of a driver applying to a job position within Pulse, and Overall shows the average value of all of these qualities.

Engaged % refers to the percentage of drivers who have had a background check run on them by a carrier - a real-time metric that can indicate that a driver was engaged enough and nominally qualified enough for a carrier to be willing to spend money on that candidate through the background check process.

Hired % refers to the percentage of drivers who are hired as a result of their applications.



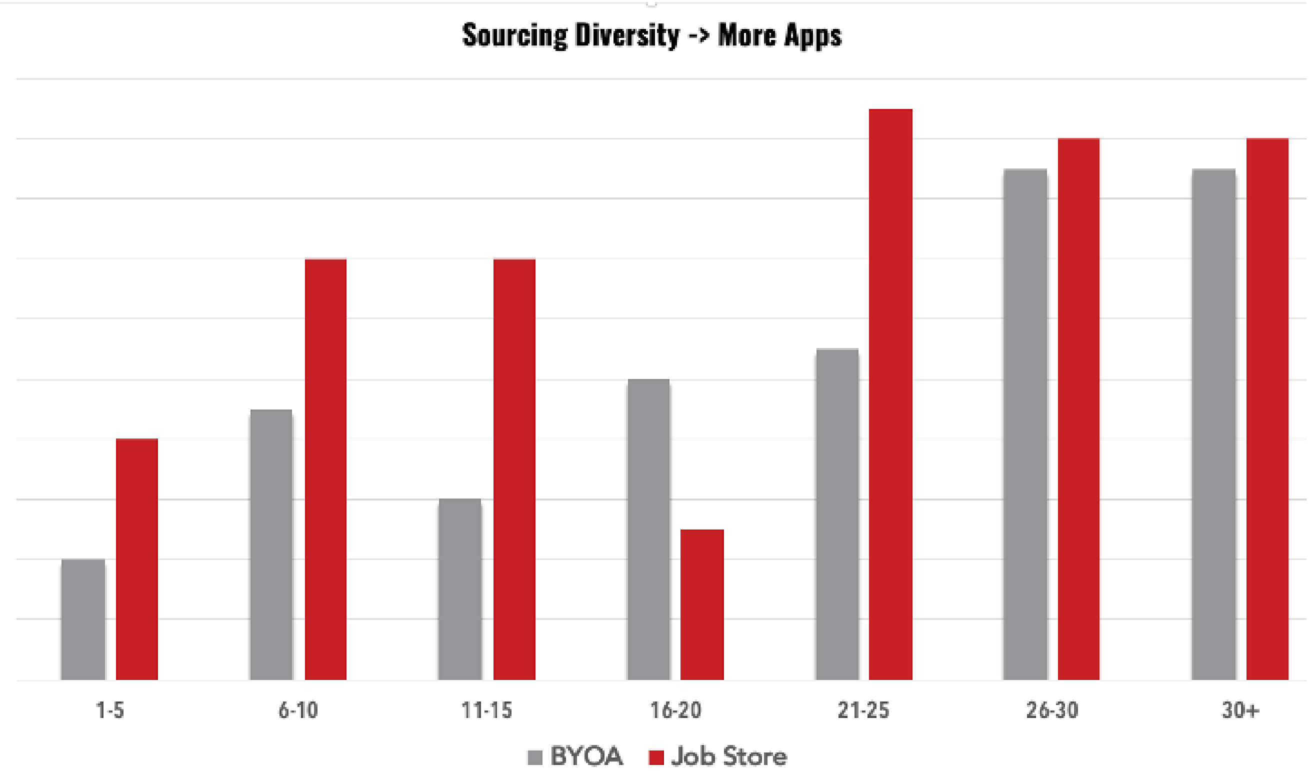
Compared to apps that exist outside of the Pulse ecosystem, the chart clearly shows that apps that originate from Pulse are significantly more engaged. This is likely because drivers using Pulse are being reached when they're in a work-oriented mindset, using tools that are specifically designed to advance their driving careers. When a driver is in the Pulse app, he isn't in a tool that also sends him messages from his family, friends, and other distractions. He is focused on his job, and he is more receptive and engaged, making this a great medium for driver recruiters to reach drivers.

3. DIVERSIFY YOUR MARKETING RESOURCES

Diversifying where you advertise your jobs can lead to more applications for the same marketing spend. Doing that Marketing through Tenstreet's Job Store gives carriers even more of a boost.

The **Sourcing Diversity -> More Apps** chart measures the number of IntelliApps received per truck, per month (as mapped to the vertical axis). The bottom categories indicate the amount of "sourcing diversity" at a carrier. Sourcing diversity refers to the number of different sources and referral codes a company uses for their open jobs per month.

The gray bars on the chart indicate clients who have brought in applications from outside advertising, and the red bars indicate applications that resulted from ads placed through Tenstreet's Job Store.



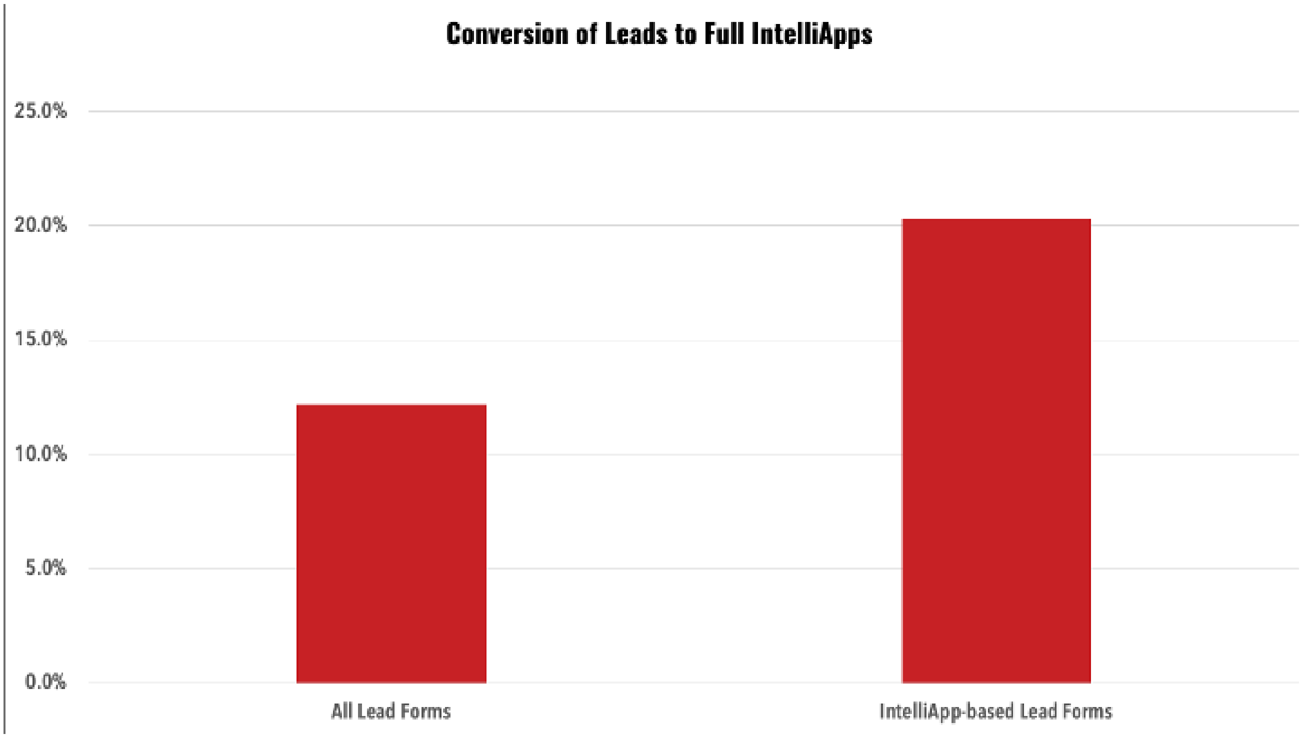
The numbers show that carriers who have more sources and referrals for their open jobs receive more applications per truck into their recruiting funnel in almost all cases (with the exception of the 16-20 source category, which accounts for less than 10% of our respondents and represents companies straddling the line between small and midsize carriers). In our experience, this doesn't even require a higher marketing spend - by spreading your existing budget across a wider array of sources, you are more likely to receive more apps for the same cost.

Furthermore, carriers that use Tenstreet's Job Store to advertise receive more applications per truck, a further endorsement of the power of diversifying while easing the work on carriers to keep up those job applications. Testing vendors in the Job Store to see what works for your company is a strategic way to diversify.

4. MAKE APPLYING EASY WITH THE RIGHT LEAD FORMS

Using the right lead form will deliver 8% more full applications and reduce media cost.

The **Conversions of Leads to Full Intelliapps** graph compares the different conversion rates between regular lead forms and lead forms that automatically upgrade the lead to a full IntelliApp if they recognize the driver.



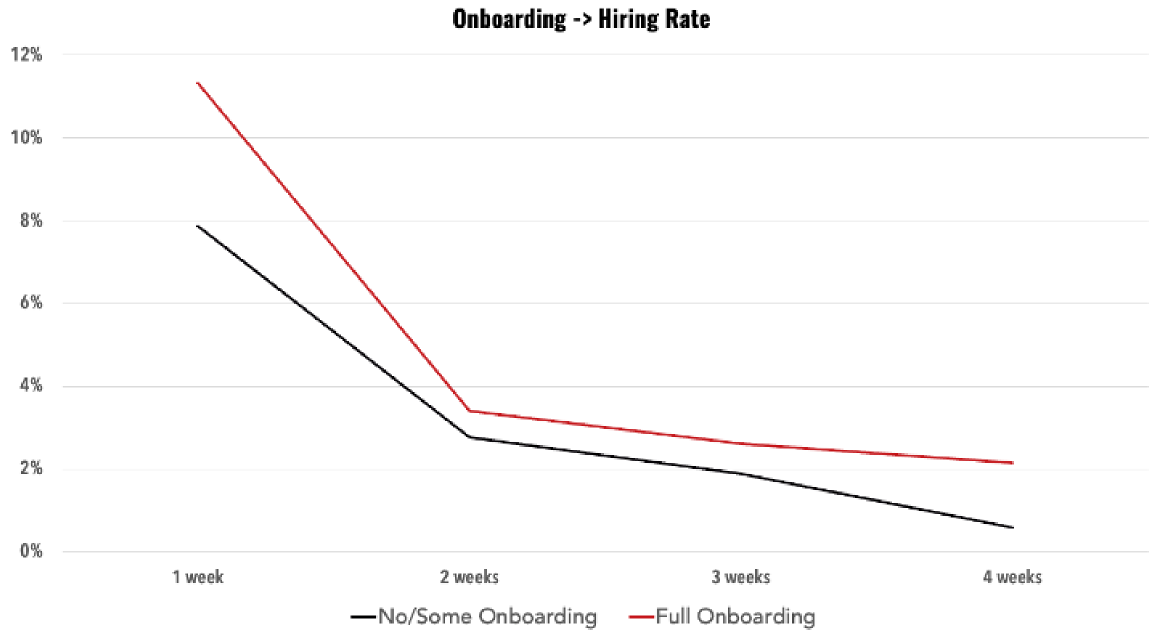
As the chart demonstrates, for every 100 lead forms a carrier receives that aren't an IntelliApp lead form, these leads result in a full application 12% of the time. For IntelliApp-based lead forms, the percentage of leads resulting in an application jumps to 20%. This improvement represents applications that require no further intervention by a recruiter on the lead - still resulting in effort-free full applications from every 1 in 5 leads, just because of using the right type of lead form.

This can mean a significant decrease in your media cost per hire.

5. MAXIMIZE THE POWER OF THE SYSTEMS YOU'RE USING

Leveraging the post-hire pull of an effective onboarding capability not only increases the hiring process by 10% but also increases the hiring rate by 30%.

The **Onboarding > Hiring Rate** chart measures the difference in hiring rates between Tenstreet clients that use some of our onboarding tools and clients that use our full onboarding suite (including digital forms, document capture, the training content library, and more).



We've written before about how speeding up your hiring timeline means you hire more drivers. Tenstreet clients who use our full onboarding suite see a 10% faster hiring process because these digital processes like capturing data online and completing training before orientation remove friction once a driver gets to orientation. They also see hundreds of thousands of dollars in savings over the year simply by moving major components of their onboarding online.

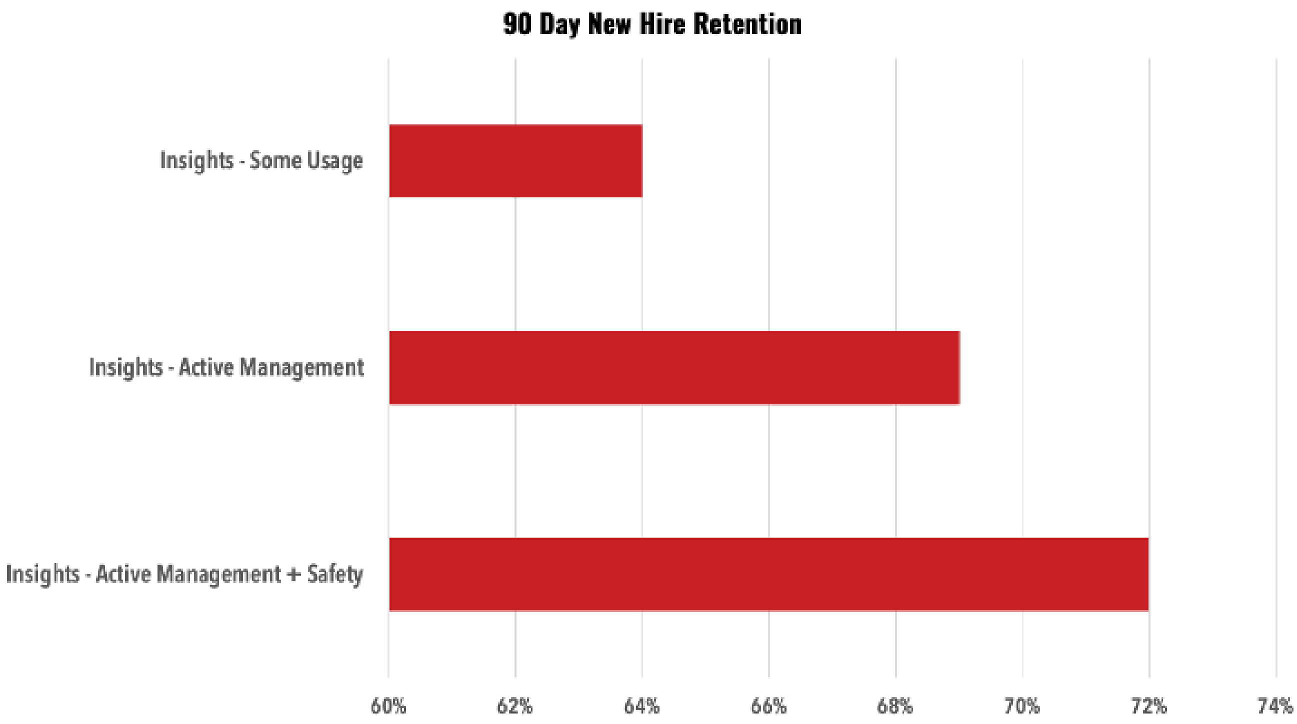
However, using optimized tools doesn't just speed up your hiring - it actually helps you make more total hires. Clients using the full onboarding suite saw a 30% increased hiring rate, regardless of the length of their hiring timeline. The reason is because when a company is using all the tools possible to bring their onboarding online, drivers are getting a smooth and cohesive experience with the carrier. Similar to how drivers are more likely to apply to a carrier that has an easy-to-complete application like the IntelliApp, drivers are more likely to show up to their scheduled orientation if they can complete more of their onboarding work in advance and get on the road faster once they reach your terminal. They'll also have invested more time in working for you and feel more invested in their new job as a result.

When considering adopting a new software, it's often tempting for carriers to test functionalities gradually before overhauling processes. But by maximizing the full utility of a system, you can give drivers the most consistent experience possible and see more successful hires as a result.

6. SHOW DRIVERS YOU'RE LISTENING

Soliciting feedback from drivers makes them feel heard and can boost your retention rates to 72%.

The **90 Day New Hire Retention** chart measures the retention percentages of carriers using different levels of engagement of Tenstreet's Insights tools.



In studying these patterns, we drew a similar conclusion as we did with our onboarding solutions: the more pieces of the system our clients were connecting and using, the better their retention rates.

Clients using Insights to send regular surveys polling drivers on their sentiments about the market saw a 64% retention rate - just asking drivers about their experiences created a strong relationship between driver and carrier. Carriers "actively managing" their Insights (meaning they use the Interventions tool to follow up quickly with drivers who have submitted issues) see their retention rates jump to 69% as a result of the clear demonstration to drivers that their thoughts warrant attention.

Furthermore, clients who use both Insights and Tenstreet's Safety tools saw an average retention rate of 72%. Keeping more processes and tools in the same system gives drivers more consistency and makes it easier for carriers to fix issues that are brought to their attention.

KEY RECRUITING TAKEAWAYS FOR CARRIERS

Recruiters have a mixed blessing during a time when drivers are more available than they have been in several years. Qualified drivers that wouldn't normally be on the market are looking for a change, so now is the time to recruit aggressively - but be prepared for plenty of competition for these candidates and work to keep drivers engaged at every step of the process, including onboarding. Make sure your recruiting and onboarding processes are as transparent and smooth as possible.

Remember that it costs a driver $2,000 on average in lost income to change jobs. They won't take that kind of a loss idly, so be sure to communicate clearly the benefits of working for your company, including pay, benefits, guaranteed miles, and other perks that matter to drivers.

KEY RETENTION TAKEAWAYS FOR CARRIERS

Drivers' increased willingness to enter the market is a sign of their lack of confidence in the economy and sometimes in the companies they work for. If you're in charge of driver retention, be as transparent as you can be with drivers about their future at your company and what they can expect. It's more important than ever to listen and respond to driver feedback to keep your most skilled drivers in their trucks in a tumultuous market.

Notes on Retention Data: For this dataset, the Turnover and Stay Days table charts include data from 38 clients, based on their lengthy duration as clients and the quality of their data. For these retention charts, data were aggregated to the client level, then averaged across clients. Client results could differ from the industry.

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