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A Marketing Strategy Under Motor Carrier Deregulation

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I. INTRODUCTION

The Deregulation Movement In a New Environment

THE QUESTION of economic regulation or nonregulation of the transportation industry has been long debated. Nothing is new. However, in the past the drive for transport deregulation was largely directed by the academicians on a philosophical level. Now, joined by policymakers as well as others, the deregulation drive, moved to a policy level, is gaining momentum in a new environment of anti-inflation and anti-waste. Today deregulation has become a part of the anti-inflation campaign.

The nation has suffered a sustained period of inflation and diminishing resources, notably oil, that are rapidly becoming scarce and expensive; its mood is turning sharply against the twin evils of inflation and waste. Based on the economic theory of placing a reliance upon competitive market forces, deregulation offers a timely attractive solution that promises "cheapness and plenty." This policy prescription of procompetition for achieving economic efficiency, once called "political naivete" by George W. Wilson, is now more than any other time in history political wisdom, which is persuasively commensurate with the contemporary environment of anti-inflation and anti-waste.[1] The stage seems set for a full scale test.

The policy-decision makers are increasingly placing importance on deregulation as an anti-inflation strategy. Senator Edward M. Kennedy, the lead-off witness in the recent truck dergulation hearings, proclaimed:

> Congressional action to remove the federal antitrust exemption that now permits truckers to agree among themselves on the rates they will charge is one of the "very few actions" the Congress can take to affect directly the fight against inflation . . .[2]

President Carter also made it clear in his State of the Union message that trucking deregulation would be part of his plan to fight inflation by reducing the costs of shipping goods. No doubt the initial success of airline deregulation provides much impetus.[3] Thus, the administration has already made the commitment to deregulation.

It is quite certain that deregulation is on the upswing side of a cycle. What is not certain is how fast and how far it will go, and what will be the ultimate effects or consequences.[4]

A Loose Concept

As Albert J. Francese pointed out, "Deregulation is a concept with diverse shades of meaning and thus is not readily defined. Deregulation can be accomplished through administrative, legislative, and judicial action. Deregulation can be a total or partial revision of the regulatory system."[5] Currently, three trucking deregulation options have been proposed by an interagency task force headed by Deputy Under Secretary of Transportation John J. Fearnsides; phased total deregulation, substantial deregulation through selective legislative action, and administrative action and limited legislative change.[6]

Whatever the forthcoming change, motor carriers must prepare for the undefined eventuality. It represents a real challenge. But what is to be done? And how to do it? It is the purpose of this paper to suggest some broad strategies to individual carriers for meeting their future needs. These strategies must be dealt with at a high level of generality. No specifics can be given since deregulation itself has not been precisely defined. The paper will also enunciate a number of uncertainties that have received little or no adequate discussion in the current round of debates.

The ultimate consequence of deregulation, if implemented, will largely depend upon its final form, its execution, and how the people perceive and react to it. The effort is not necessarily a predictable codified model of certain absolutes, but rather a dynamic venture, possessing both pluses and minuses, logical or illogical, that typify any human undertaking. The emphasis of good or bad evolves with time and the contemporary conditions.

II. CHANGE OF REGULATORY FOCUS: HISTORICAL PROSPECT

During the 1930's trucking, while only in its infancy, was still one of the very few industries which provided employment opportunities in the midst of the Depression. Naturally, there was a rush into the market. Competition became excessive and destructive, and the play of the market forces led to financial instability and numerous carriers' bankruptcies. Under the circumstances, "Carriers needed to be protected from excess competition if they were to raise the capital, make the investments, and develop the operating patterns necessary to make them financially viable and to meet the public need for service."[7] Pro-competition was on the defense; a protectionist attitude prevailed. Regulatory controls were therefore instituted to satisfy the national need for development of a stable and profitable trucking industry. Trucking regulation thus focused on ". . . the need to protect existing motor carriers against excessive competition . . . "[8] as opposed to the rail regulatory focus which protected shippers against abuses associated with monopolies.

Today the underlying conditions which supported regulation in the 1930's have changed. The nation's economy is currently attempting to deal with the twin problems of inflation and waste. The regulated trucking industry has reached maturity; it is stable, financially strong, and highly specialized. Everything is reversed. As a result, deregulation is now constantly on the offense. In recognition of these changes, regulatory focus has shifted from protectionism to pro-competition, i.e. from protecting motor carriers to protecting the welfare of the general consumers and shippers. Interestingly enough, advocates of railroad deregulation have also changed their traditional focus, in that they now stress the protection of financially troubled railroad carriers.

The notion of competitive market forces or competition, otherwise referred to as the "invisible hand," is a well-known but ill-defined concept in the context of transportation. The concept of competition varies from destructive competition, excessive competition, workable competition, fair competition, healthy competition, to free competition. Competition itself is a neutral term, viewed sometimes as being too much and at other times as being too little. Market forces are not magical; they depend upon a given set of underlying conditions, including the current state of the economy, as well as an industry operating in a state of flux.

III. THE INVISIBLE HAND OF COMPETITION VS. THE THIRD HAND OF REGULATION

The dichotomy between regulation and deregulation actually has very little meaning; the two simply overlap each other. Partial deregulation is in a sense partial regulation. Nevertheless, the dichotomy is loosely adopted here. Deregulators stress the reliance upon the famous "invisible hand" of competition, rather than on the so called "dead" hand of regulation, to attain economic efficiency. Conversely, the opponents of deregulation want to retain the "third" hand of regulations (still considered to be alive, although perhaps needing a slight injection of new life), in addition to the two invisible hands of supply and demand, to maintain competition. The differences in the defender's positions essentially mirror their own individual evaluation of the current regulatory system, and what they anticipate from deregulation.

While we have no intention, nor is it necessary to expound in detail on all of the many pros and cons of deregulation, we have nevertheless incorporated a summary of the principals' points raised by various parties of interest (see Table 1). It may be observed in Table 1 that there is a conspicuous lack of either "hard" data or benefit-cost studies to support either side of the regulatory arguments, except for some very crude estimates on the costs of regulation.[9] In a way, the debate over deregulation has been, and still is being carried out in a vacuum. Therefore, for policy-making purposes, more quantitative research is apparently needed.

Deregulators have consistently stressed the consequences of deregulation in terms of overall economic efficiency, whereas regulatory advocates are more concerned with the impact of distributive equity upon specific segments such as particular areas, shippers, and/or commodities, as well as other non-economic impacts such as highway safety. The latter's emphasis is obviously different. G. W. Wilson once remarked:

> I think it is a sad commentary that we have very few studies of the most likely economic consequences of significant deregulation with respect to particular regions, particular shippers, and particular commodities. This may be one reason that Congress is reluctant to make any significant modifications in regulatory policy.[10]

Therefore, while both sides cite empirical evidence on a selective basis to support their respective arguments, the evidence is simply inconclusive. Moreover, the deregulatory experience of either other industries or of other countries, often cited as justifications for specific pro/con arguments, is highly

TABLE 1

A SUMMARY OF THE REGULATION AND DEREGULATION ISSUES

Issues	Deregulation	Regulation
1. Economic philosophy	* Market competition guided by the invisible hand of supply and demand	* Limited competition controlled by the "third" hand of regulation
2. Economic objectives	* Efficiency, anti-inflation, anti-waste	* Trade-off between efficiency and equity (common carrier obligation)
3. Non-Economic objectives	* Anti-trust laws to protect discrimination; Direct techniques to fulfill non-economic objectives such as regional development	* Public convenience and necessity; Transportation viewed as an instrument to attain non-economic objectives; Safety
4. Evaluation of Industry Condition:	* Ideal for free competition	* Desirable for regulated competition—already managed to achieve the best transportation system in the world
No. of firms	* Substantial no. of firms (administrative infeasibility to regulate)	* Heterogenous service
Economies of scale	* Absence of economics of scale (i.e., absence of monopolistic tendencies)	* Economies of size, oligopolistic conditions that prevail in LTL traffic
Entry requirements	* Already low	* Public convenience and necessity
5. Evaluation of Current Regulatory System:		
Regulatory methods	* Poor and lacking a coherent rationale	* No serious problems with the existing regulated system
Economic consequences:		
Resource allocation	* Misallocation of traffic and resources among various modes. Excessive growth of private and exempt truck carriage at the expense of both rail and truck common carriage	* Private carriage is not always prompted by common carrier rate levels. Many factors including better total service flexibility, better control, improved consistency, and packaging are often ahead of rate in determining private carriage

TABLE 1 (Con't)

A SUMMARY OF THE REGULATION AND DEREGULATION ISSUES

Issues	Deregulation	Regulation
Efficiency	* Protection of inefficient carriers No incentive to improve managerial efficiency Excessive capacity (underutilization of capacity)	* Attrition of inefficient carriers through bankruptcy Required by common carrier obligation
Cost	* Higher costs to provide a given quantum of service	* No specific position
Rate	* Too high	* More stable
Rate making bureau	* Discourage innovative rates-rigidity	* Stability—many innovative rates have evolved
Service		
Overall level	* Less than optimal	* Adequate
Quality	* For the benefit of the regulated, not for the general public	* Better quality: adequate liability coverage, regular and stable service, service to small shippers and communities
Regulatory Cost Estimates	* High: $6 billion (Thomas Gale Moore) Low: $1.4-$1.9 billion (James C. Miller, III) Medium: $4-5 billion (George W. Wilson, 1975)	* Lack of a specific estimate
Regulatory Benefit Estimates	* Broad generalization	* Broad generalization
6. What to expect from deregulation:		
Economic Consequences:	* Anti-inflation, anti-waste	* Uncertain dislocations, chaos (will disrupt or destroy other transport industries)
Resource allocation	* Optimal allocation, a renaissance for common carriers vis-a-vis private carriers	* Depending upon other factors (as described in 5 above)

TABLE 1 (Con't)

A SUMMARY OF THE REGULATION AND DEREGULATION ISSUES

Issues	Deregulation	Regulation
Efficiency	* Uncertain	* Improved
Cost	* Lower over-all transportation costs	* Soared in tariff—publishing costs to carriers and freight bill auditing costs to shippers
Rate level	* Lower over-all prices	* Initially down, eventually up
LTL rates	* Lack of a specific position	* Up
Output (traffic)	* Increased overall level (plenty)	* Uncertain
Service	* Unlikely to cut service to small shippers and communities because of free entry	* Reduced in service to small communities and rural areas
Economic concentration	* Free entry would avoid undue economic concentration	* Concentration of LTL segment, large ones would survive and grow and small ones would not
Stability:	* Gradually decontrol to avoid instability	* Disruption of established patterns, with confusion
Rate	* The rate wars are the exception and rate stability the rule	* Cutthroat or destructive competition—unstable
Service	* Increased	* Unstable service
Entry and exit	* Low threshold	* Chaos
Non-economic consequences:		
Abuses	* Regulated by anti-trust laws	* More abuses, potential collusion on rates—more policing required
Control responsibility	* Transfer in part to the Justice Department	* No reduction—will shift to the Justice Department, the Federal Trade Commission and the States
Safety	* Individual states	* Increase unsafe operations—more policing required.
Benefit Cost Estimates	* Broad generalization	* Broad generalization
7. Empirical evidence	* Feasible and practical	* Inconclusive and unsubstantiated

debatable in their application to the U.S. trucking industry.

IV. STRUCTURE OF THE INDUSTRY

Because motor transportation represents a diffuse and heterogeneous industry it is almost impossible to "fit" trucking into a simple acceptable structural framework in either a purely economic or non-economic sense; particularly when it is recognized that the trucking industry encompasses more than an estimated 150,000 companies (there are no reliable estimates), of which only roughly 17,000 are regulated by the Interstate Commerce Commission.[11] These companies range from the single independent owner-operator, who hauls truckloads of freight wherever he can, to the huge transcontinental firms that operate over thousands of route-miles. Furthermore, even though there are mountains of trucking statistics available the economic structure of the regulated industry is generally portrayed by various scholars primarily in terms of distinguishing characteristics of some of the individual sub-segments. Therefore, the accuracy of any of these characterizations ascribed to the trucking industry depends upon the extent to which the market served actually conforms with the attributes of the various economic models.

Byron Nupp made the following observations on the trucking industry structure:

> Economic research has as yet reached no satisfactory conclusion concerning the structure of either the market [buyers] or its supplier [carriers].[12]

Since the literature and research on the trucking industry structure is somewhat devoid of anything other than broad generalizations, the specific impacts of a deregulatory policy on any single segment of the entire motor carrier industry becomes uncertain. In fact, it has been suggested that: "The complexity of trucking makes it difficult to predict the effects of deregulation."[13]

V. INADEQUATE CONCERN WITH THE UNCERTAINTIES

In spite of the proliferation of monographs written on the subject, there are still a significant number of issues that also have not been thoroughly discussed or even addressed. The more notable of these would include the following:

- The future role of State regulatory commissions; including conflicting Federal/State statutes.
- The contradiction in national goals and policies (e.g., energy, environment, social considerations and disruptions, etc.).
- The economic consequences to specific regions and/or industries
- Liability considerations; including the transporting of hazardous materials.
- Financial considerations, i.e., the ability to raise capital during a turbulent period.
- Tax consequences to the local, State and Federal Governments.
- The precise assignment of the "policing function" (i.e., discrimination, rate abuses, safety, etc.).
- The residual concept's (the divisable traffic pie) ultimate effect on transportation costs.
- Future highway expenditures.

Of the aforementioned, the residual effect on State regulation is perhaps the most potentially complicated issue to be resolved. As Frank N. Wilner, Director of Traffic for the North Dakota Public Service Commission, firmly asserted:

> Thus, as we measure the consequences of less economic regulation at the ICC, we must also measure its residual effect on state commissions, which regulate, among other things, common carriage (emphasis added).[14]

The concern for the effect of Federal deregulation is heightened by Wilner's study of the 48 contiguous State regulatory commissions which revealed a shocking lack of: expertise, only six of 47 reporting state commissions have commissioners with a transportation background; and independence, only 15 of the 48 reporting state commissions' members are elected, suggesting something less than truly independent regulatory commissions in 33 states . . . and only 18 of the 46 reporting state commissions meet their budgets out of general legislative appropriations. The other 28 states have to depend on assessments on the regulated carriers for their funds.

At stake are ". . . the abilities of the state commissions to fill the void created by reduced or non-existent federal regulation of common carriers," when all indications point to at least a maintenance (and probably a slight increase) in regulation at the state level, absent the current level of federal economic regulation, as Wilner observed.[15]

To do an adequate job, the state regulatory commission and state courts without the expert assistance of the ICC might look for help from either outside consultants or their own greatly expanded staffs. Thus, an interesting question is raised: Would such a diffusion of federal regulatory responsibilities to states reduce or increase regulatory costs? Does federal deregulation merely shift the cost or does it actually decrease it?

VI. PROPOSED STRATEGY FOR THE UNDEFINED EVENTUALITY

Regulated motor carriers, as noted previously, have since 1935 operated under a unique regulatory model which has largely been taken for granted by individual firms. Thus, the marketing strategy employed by an individual firm has been conditioned by the structure of this model, and like a living organism, the firm has learned to adapt and become dependent on its regulatory environment. However, since it is fairly obvious that some form of regulatory reform will be consummated in the near future it behooves an individual regulated motor carrier to formulate a new managerial strategy to adapt to a deregulatory climate. The following strategies are offered: a new marketing outlook with pricing strategy; preserve scarce management resources; re-assess the philosophy of growth; develop a risk aversion strategy; and institute deregulation and anti-trust law conferences.

A New Marketing Outlook With Pricing Strategy

Under deregulation an understanding of modern marketing concepts by trucking executives is crucial for survival. Stated more formally, the fundamental objective of a motor carrier's marketing strategy should be customer satisfaction. Therefore, all business activities of the organization should be designed to plan, identify, promote and distribute want-satisfying service to present and potential customers.

The foundation stones on which the firm's marketing concept must be based would lie in three fundamental beliefs:

- All company planning and operations should be **customer-oriented.**
- **Profitable sales volume** should be the goal of the firm, and not just volume for the sake of volume alone.
- All marketing activities in a firm should be **organizationally coordinated.**[16]

Conceptually, the marketing planning/control process consists basically of defining corporate objectives, analyzing the environment, programming marketing activities, implementing the marketing program, measuring results of the program, and taking corrective action where appropriate. Due to the length requirement constraints of this article we will concentrate our brief discussion on two areas which would be of particular interest to motor carriers operating under a deregulatory climate — environmental forces and programming marketing activities.

All organizations, including motor carriers, must operate within the framework of forces which constitute the system's environment. These forces, which are either external or internal to the firm, influence the carrier's organizational activities and constrain and impinge upon its objectives. Since presently no one actually knows what deregulatory structure will ultimately evolve, it is important, from a marketing viewpoint, to review the environmental model under which many firms operate (see Figure 1). Figure 1, adapted from Professor Enis' **Marketing Principles: The Management Process,** classifies the various environmental forces such as technology, inflation, ecology, etc. in three categories: economic system, governmental system, and sociocultural system.[17] Our purpose in presenting this model is to show that the management of marketing activities in contemporary society contains some elements which may not be familiar to all regulated motor carrier executives. It should be recognized, however, that the model for the purposes of this article is intended only to visually provide some conceptual guidelines for an understanding of the various environmental forces applicable to motor carriers; it is not in itself a sufficient guide to managerial action, some of which will be discussed later. However, it should be pointed out that whatever the environmental forces may be, motor carrier executives must recognize that the foundation of their future growth strategy lies in the freeing of resources for new opportunities. This will, of course, require the withdrawal of resources from those areas where results can no longer be obtained or where the return on efforts are rapidly diminishing.

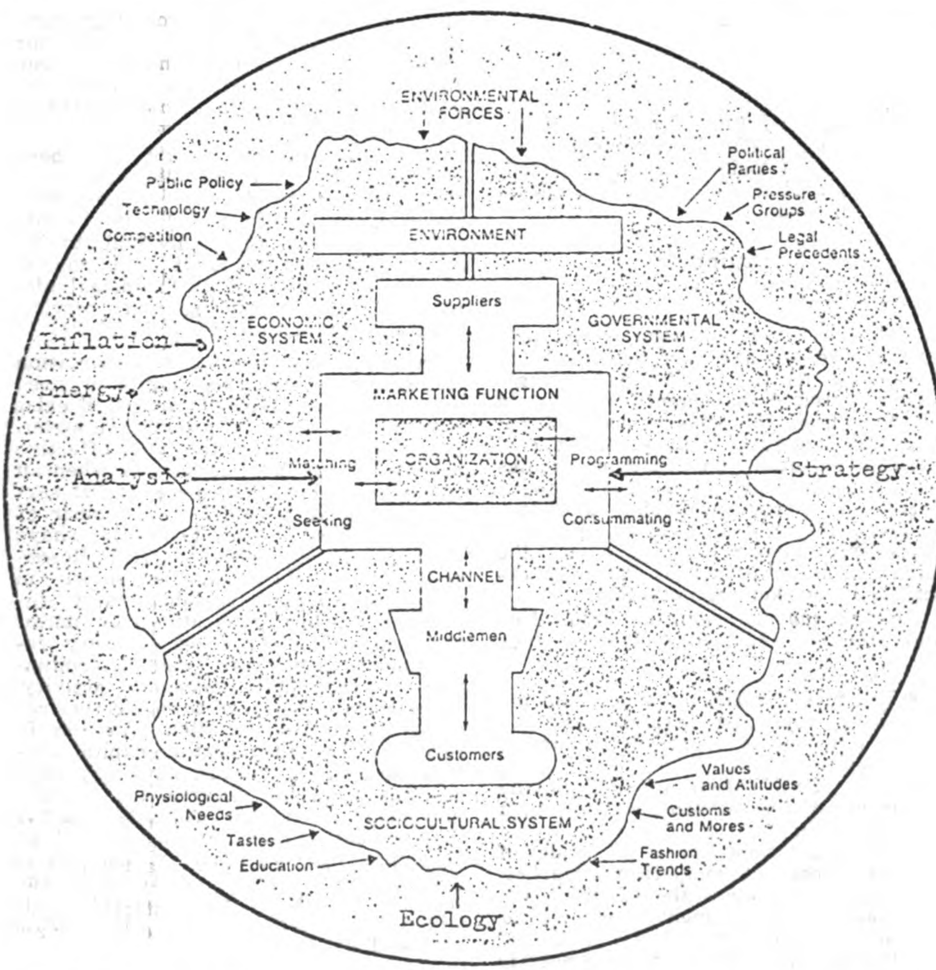
Once the organiaztional objectives have been specified, and the external environment analyzed, the next step in the marketing process is the actual programming of marketing activities to achieve the goals and objectives of the firm. The programming itself begins with an understanding of the basic marketing functions which are:

- **Seeking** customers
- **Matching** their wants and desires with organizational capabilities
- **Designing** programs to effectuate this match

• **Consummating the match by delivering the service**

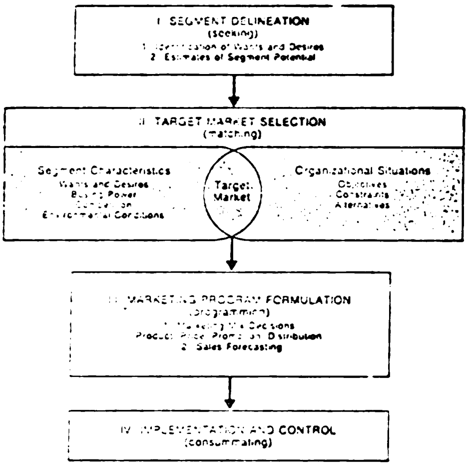
Although a complete understanding of the entire process of strategy formulation as summarized in Figure 2 is crucial to trucking executives, a complete discussion of the process itself in this article is simply not feasible. Nevertheless, because motor carriers would be operating within an unknown deregulatory environment two aspects of this process deserve treatment: **market segmentation** (seeking) and **pricing** (programming—a segment of the marketing mix), both of which, incidentally are strongly interrelated.[18]

The simple economic theory of pure competition assumes that the homogeneous services (or products) of suppliers (truckers) will be matched with the homogeneous wants and desires of consumers through price adjustments. The real world is, of course, not so simple. On the supply side, trucking services may differ for a variety of reasons, e.g., capital deficiency, unionization, geographic location, managerial philosophy, etc. On the demand side, the wants and desires of transport consumers are likewise diverse. Yet, many reg-



Source: Ben M. Enis, *Marketing Principles: The Management Process*, (Pacific Palisades: Goodyear Publishing Co., Inc., 1974), p. 35.

FIGURE 1



Source: Ben M. Enis, *Marketing Principles: The Management Process*, (Pacific Palisades: Goodyear Publishing Co., Inc., 1974), p. 303.

FIGURE 2

ulated motor carriers tend to be production-oriented and therefore likely to treat their entire market as a single undifferentiated homogeneous unit. In recognition of this divergence, and anticipated structural change, motor carriers in the future must institute studies to insure that they have clearly identified their "true profitable markets" (current as well as future). From a marketing manager's viewpoint the identification approach is formally described as **market segmentation.**

Briefly, market segment delineation and selection basically involves four steps:

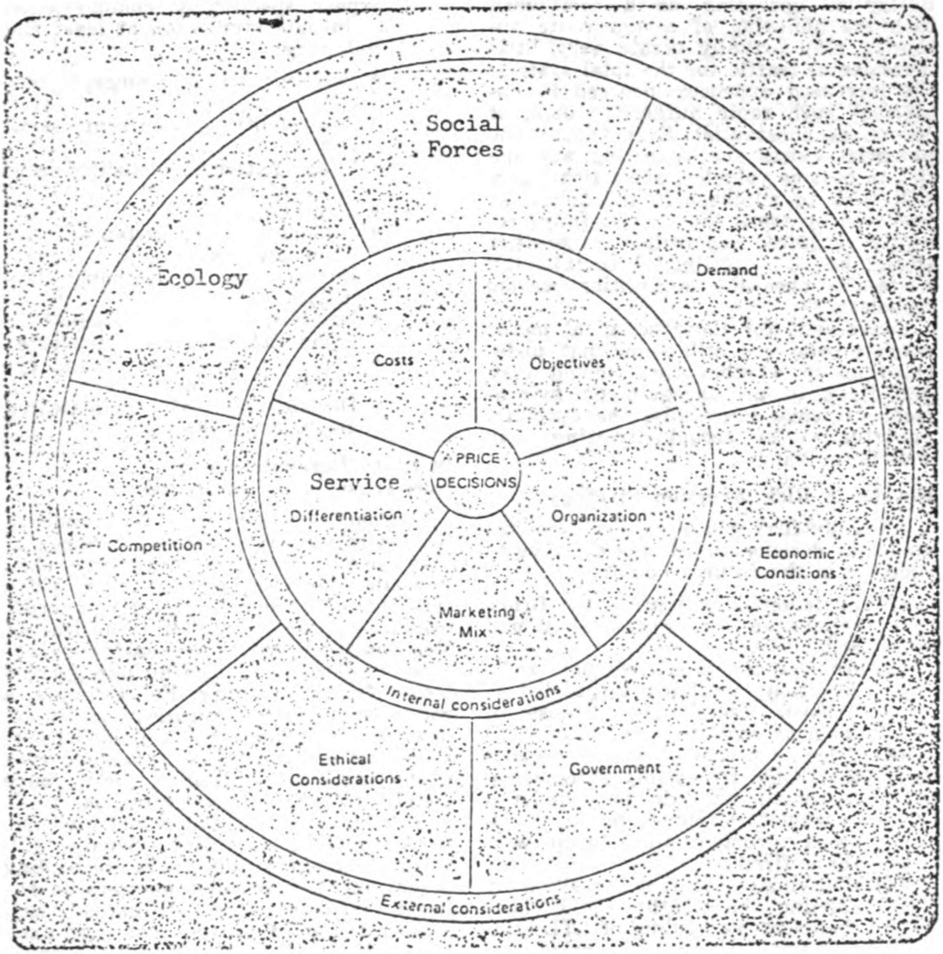
- The identification of wants and desires, including preferences and motivations, of particular customer groups.
- The identification of the buying power of the segment; demand must be effective.
- An assessment must be made of the impact of competitor's marketing efforts upon the effective demand of the segment; a competitor may be so entrenched in a particular market that attempts to penetrate the segment are not likely to prove successful.
- An estimate must be made of the potential contribution of each identified segment to organizational objectives.

Stated another way, in market segmentation, we are simply employing a "rifle" approach to reach the most profitable submarkets (segments) available to a trucking firm. "Traffic selectivity" therefore is a recognition that not only would "non-selectivity" not effectively serve the wants and desires of trucking customers to treat them all alike, but it would not be efficient or remunerative for them to produce a different service to satisfy each trucking consumer in a given market. The concept of market segmentation underscores the point that simply no one service can please everyone; it is in effect a compromise between the inefficiency of treating all customers alike and the ineffectiveness of treating each one differently.[19] The spectacular growth of the contract and specialized regulated motor carriers during the past decades attest to the soundness of the approach.

Once the target market has been selected, the trucking executive can then proceed to develop a marketing program to satisfy the specific wants and desires of the individual to be served. The program itself would consist of the integration of the principal elements of the marketing mix; service, price and promotion (See Figure 2).

In the marketing of transportation services, nowhere does a greater need for managerial creativity and skill exist than in the area of pricing. However, the task of selecting the most effective pricing scheme is made simpler when an organization has defined its market segments clearly. A model of a number of the variables which generally shape pricing, adapted from Larry J. Rosenberg's text, **Marketing**, is shown in Figure 3. All these variables carry significant pricing implication for motor carriers; and under a deregulatory environment they make price determination a critically important activity. Since certain types of trucking services presently offered contribute far less in revenues than they cost in capital outlays and in operations, profit-oriented cost-based pricing, geared to "specific movement or target markets" rather than general regional markets, must be developed by individual truckers to a degree not presently practiced in the trucking industry.[20] This task, however, will not be simple for individual firms as noted by Enis:

> . . . . **pricing decisions in most organizations today are based on intuition, past experience, and industry rules-of-thumb.** Considerable research into pricing activities is underway, but at present, textbooks



Source: Larry J. Rosenberg, *Marketing* (Englewood Cliffs: Prentice-Hall, Inc. 1977), p. 339.

FIGURE 3

can offer little beyond generalizations and descriptions of industry practice to pricing decision makers (emphasis added).[21]

Preserve Scarce Management Resources

For reasons noted earlier it is not recommended that an individual firm dissipate its total managerial resources in the fighting of the deregulation issue. Excessive competition in price-cutting during the transitional period is a real possibility. Therefore, one strategy is to conserve cash, as well as other resources, so that an individual firm can cope with instabilities during the transitory period.

Re-assess the Philosophy of Growth

Historically, one of the principal vehicles for growth by a regulated motor carrier has been through purchase of the operating authorities of another regulated motor carrier. Under conditions of uncertainty and in the absence of specific knowledge concerning the "actual and potential" market served by the organization under purchase consideration, it may be more appropriate for firms to either halt or extend their purchase negotiations at this time. Furthermore it should also be recognized that if indeed the regulated motor carrier industry is operating as a "residual," then the annexing of a new route authority may actually create very little incremental traffic for the total system; the increased expenses incurred to implement such route authority could, of course, be substantial. Even though the potential exists for operating authorities to become valueless some firms may still wish to purchase in the belief, as proposed by some, that ". . . . [any] recently acquired operating authorities should be . . . . [eligible] to take tax write-offs once the authorities become valueless."[22]

Conversely, for those marginal motor carriers who are still somewhat undecided as to whether they should stay and fight in an unregulated environment or leave gracefully, the optimum opportunity for actual divesting may well be at hand.

Develop a Risk Aversion Strategy

An individual motor carrier who has made the decision to actively continue to compete in the future should:

(1) Systematically improve the firm's reputation for dependability and reliability.
(2) Analyze the firm's current traffic situation; develop a target list of "known losers" and dispose of them as soon as possible.
(3) Select out those current accounts that could reasonably be expected to remain with the firm under a deregulatory environment; develop a stronger relationship with these firms.
(4) Consolidate the firm's position by shifting the freight mix to both the exclusive hauling of LTL traffic and, where appropriate or feasible, establish special service contract rates.
(5) Liquidate marginal operating authority where appropriate as soon as possible.
(6) Determine the firm's future position with respect to dealing with current and anticipated competitors (e.g., a "closed" system or a combination system).
(7) Consider the possibility of the potential gain from diversification.
(8) Develop a strong relationship with the financial community.
(9) Analyze and explore the potential for further operating expansion through the medium of sub-contracting (as opposed to the purchasing of operating authorities).
(10) Establish a special project team, if appropriate, composed of a cost analyst, data base analyst, economist, financier and marketing expert specifically commissioned to initiate studies on at least the following:

- Construction of concept matrices
- Profitability of current services
- Usage patterns; including service preference
- Capital needs
- Segmented cost systems
- Firm awareness
- Buyer behavior; demand elasticities
- Establishing MIS Systems[23]
- Competitor's pricing structure
- Construction of payoff and opportunity loss matrices
- Development of sophisticated analytical techniques

Institute Deregulation and Anti-Trust Law Conferences

It should be recognized that under a total deregulation scenario a number of acts (e.g., Interstate Commerce Act, Reed-Bulwinkle Act, etc.) under which the industry must presently operate would be repealed. And it is unclear at this juncture what form anti-trust enforcement would take in an unregulated motor freight industry. For example, a radical revision of the current anti-trust laws is now taking shape. Traditionally, anti-trust laws have been concerned with protecting competition; they have sought to prevent restraints of trade and to bar mergers that would give rise to monopoly power. Now, Senator Edward M. Kennedy and others are leading a movement to prohibit mergers on the basis of size alone. "Bigness itself should be added to the roster of anti-trust offenses," Kennedy says, "because large corporations cause social problems even when they do not impair competition."[24] It would seem appropriate therefore, for the industry itself at its earliest convenience to schedule a number of nationwide conferences dealing with this apparent eventuality. The individual conferences could be designed around the following topics:

- Historical and current anti-trust legislation.[25]
- The Australian, Canadian, United Kingdom, and other deregulation experiences.
- The fundamentals of Marketing Management under a deregulatory environment.

FOOTNOTES

1 A clear manifestation is the appointment of the well-known airline deregulator Alfred E. Kahn as chief inflation fighter by President Carter.

2 The Washington Post, March 29, 1979, p.

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3 The New York Times, "The Haulers Brace for a New Age of Competition," February 4, 1979.

4 Similar opinions are expressed elsewhere. For example, Joseph Steinfield, Jr., "Regulation Versus Free Competition—the Current Battle Over Deregulation of Entry Into the Motor Carrier Industry," ICC Practitioners' Journal, Vol. 45, No. 5, (July-August 1978), p. 592; also Colin Barrett, "Regulation—The Winds of Change," ICC Practitioners' Journal, Vol. 42, No. 5, (July-August 1975), p. 571.

5 Albert J. Francese, "Rail and Truck Deregulation: Palliative or Panacea," Traffic World, March 19, 1979, p. 113.

6 Traffic World, December 18, 1978, pp. 14-15.

7 Interstate Commerce Commission, "Policy Statement on Motor Carrier Regulation," Federal Register, Vol. 43, No. 234, December 5, 1978, p. 56979.

8 Ibid. p. 56978.

9 Gene T. West, "Statement before the National Commission for the Review of Anti-Trust Laws and Procedures," July 26-27, 1978; Allen R. Ferguson and Leonard Lee Lane, editors, Transportation Policy Options; The Political Economy of Regulatory Reform, Proceedings of a Conference on the Economic Regulation of Surface Transportation sponsored by the Public Interest Economics Foundation, Washington, D.C., 1975, p. 31.

10 Ibid, p. 51.

11 Charles G. Burck, "Truckers Roll Toward Deregulation," Fortune, Vol. 98, No. 12, December 18, 1978, p. 75.

12 Bryon Nupp, "The Common Carrier System In a Modern Economy-Research Problems," Transportation Journal, Vol. 16, No. 1, (Fall, 1976), pp. 6-7.

13 First PBS broadcast, "Should Congress Deregulate Trucking?," March 11, 1979, p. 8.

14 Traffic World, March 19, 1979, p. 19.

15 Ibid.

16 William J. Stanton, Fundamentals of Marketing (5th ed. rev.; New York: McGraw-Hill Book Company, 1978), p. 10.

17 Ben M. Enis, Marketing Principles: The Management Process, op. cit., p. 548.

18 For those motor carriers that do not have the knowledge, the time, or the finances necessary to study consumer needs and characteristics and build a service for a particular market segment may wish to contract for such services with such highly successful regional marketing consulting firms as Business Research Associates, Inc. of Jacksonville, Florida.

19 If a motor carrier decides to follow a strategy of market segmentation, it can choose from one of two principal approaches: differentiated and concentrated marketing. Differentiated marketing attempts to appeal to the entire market by designing different services and marketing programs for different segments of the market. Concentrated marketing attempts to appeal only to a few of the most promising segments in the market.

20 In non-economic terms we can generalize by stating that the upper price limit is the actual value of the service to the buyer, and the lower price limit is the actual cost of producing and promoting the service; somewhere in between lies the price for a "target market."

21 Marketing Principles: The Management Process, op. cit., p. 392.

22 Truckers Roll Toward Deregulation, op. cit., p. 85.

23 The Marketing Information System (MIS) is a conceptual framework for formally managing marketing information. Its components are the analytical bank (a collection of routines, preferably computerized, for analyzing data), data bank (an accumulation of raw data for analysis), and model bank (a set of guidelines for appropriate analyses of various marketing situations). It performs functions of assembly, processing, analysis, evaluation, storage and retrieval, and dissemination of information.

24 A. F. Ehrbar, "Bigness Becomes the Target of the Trustbuster," Fortune, Vol. 99, No. 6, March 26, 1979, p. 34.

25 That Portion of the conference dealing with the historical development of anti-trust legislation should at least discuss the following Acts; See Marketing Principles: The Management Process, op. cit., p. 133.

Legislation	Description	Pertinent Court Cases and Other Events
Sherman Antitrust Act (1890)	Prohibited (1) "every contract, combination or conspiracy in restraint of trade" and (2) monopolies or attempts to monopolize.	U.S. v. Standard Oil Co. (1911) U.S. v. American Tobacco Co. (1911) U.S. v. U. S. Steel Corp. (1920) U.S. v. Aluminum Co. of America (1945)
Clayton Act (1914)	Supplemented the Sherman Act by outlawing specific practices (price discrimination, tying arrangements and exclusive dealing, merger of company stock) "when the effect . . . may be to substantially lessen competition or create a monopoly;".	Many court cases, particularly in retail sector of the economy; Robinson-Patman and Celler-Kefauver Acts
Federal Trade Commission Act (1914)	Established a body of specialists to investigate under the "rule of reason" doctrine: Section 5 of the Act declared "unfair methods of competition to be illegal"; Wheeler Lea Amendment added phrase "and unfair or deceptive acts and practices."	FTC v. Raladam Co. (1931) Wheeler Lea Amendment (1938) 1969 American Bar Association report
Robinson-Patman Act (1936)	Amended the Clayton Act to outlaw actions that would "injure, destroy, or prevent competition." Specifically, price discrimination was defined to be unlawful; the FTC was empowered to set limits on brokerage allowances, quantity discounts, etc., and to prohibit promotional allowances and services not made available to all buyers on proportionately equal terms."	Many court cases, with varying interpretations of the rather vague wording of the Act. Borden Company decision perhaps is landmark case.

Miller-Tydings Act (1936)	**Exempted vertical price-fixing — fair trade — agreements from prosecution under the Sherman Act, in states having fair-trade laws.**	**California statutes Schwegmann Bros. case McGuire Act Masters Mail Order Co. case Quality Stabilization Bill**
Celler-Kefauver Act (1950)	**Amended Clayton Act to declare merger by assets, as well as merger by stock, to be illegal "where the effect may be to substantially lessen competition or to tend to create a monopoly."**	**Brown Shoe Co. Von's Grocery Co. Thesis of the New Industrial State**