

J.B. Hunt: Where Should the Next Intermodal Mile Go?

Internal ID: S&F-STR-324

Topic: Operations Strategy, Customer Strategy, Growth Strategy

Industry: Cargo Ground Transportation

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

A strategy case for MBA students and working professionals

Decision date: October 4, 2026

Information cutoff: October 4, 2026, 11:59 p.m. Eastern Time

The planning question

J.B. Hunt Transport Services, Inc. (J.B. Hunt) enters its FY2027 planning cycle with a strong second quarter in Intermodal (JBI), especially in its Eastern network. The result sharpens a practical question: **where should the company focus its next wave of customer-conversion effort, service attention, and any incremental intermodal capacity-and what evidence should be required before expanding?**

The choice is hypothetical. Public materials do not disclose an FY2027 lane allocation, a budget for these alternatives, or a management decision to add capacity. Students should make a recommendation using only the information available by the cutoff and state what additional evidence would change it.

Company and business context

J.B. Hunt is a North American transportation and logistics company with five reported operating segments: Intermodal (JBI), Dedicated Contract Services (DCS), Integrated Capacity Solutions (ICS), Final Mile Services (FMS), and Truckload (JBT). Its intermodal offering combines rail linehaul with pickup and delivery by company or third-party dray providers. It therefore depends on rail partners, terminal operations, local dray capacity, equipment, and customer schedules.

JBI is a reported segment, not a clean count of newly converted truck shipments. Its reported load definition includes freight moved by rail for at least part of the movement and certain repositioning truck freight that moves JBI equipment back toward intermodal operations. ICS is separately reported and uses third-party carriers and company equipment across several transportation modes, including intermodal. ICS revenue or loads should not be read as JBI rail conversions.

A strong quarter, with several possible explanations

In the second quarter of 2026, J.B. Hunt reported consolidated revenue of \$3.495 billion, up 19% year over year. Revenue excluding fuel surcharges was \$2.854 billion, up 11%; fuel surcharge revenue was \$641.5 million.

JBH reported Q2 revenue of \$1.754 billion, up 22%, and operating income of \$150.9 million, up 58%. Intermodal load volume rose 10%. Eastern network loads increased 16%, compared with 5% growth in the transcontinental network. Gross revenue per load rose 11%, while revenue per load excluding fuel surcharge increased 1%. Management said the gross-per-load change reflected higher fuel surcharge revenue, customer rates, and freight mix. It is not an 11% increase in base pricing.

For the first six months of 2026, JBH revenue was \$3.259 billion, up 12%; load volume increased 6%; gross revenue per load increased 5%; and revenue per load excluding fuel surcharge was “relatively flat.” First-half operating income was \$265.4 million, up 40%. These six-month figures include Q1 and Q2; they are not Q2-only growth rates.

Management attributed the Q2 JBH operating-income increase mainly to volume, dray-network productivity, fewer empty container moves, lower storage expense, and cost-to-serve initiatives. Insurance and claims expense and professional-driver costs partly offset those improvements. Public results do not quantify each contribution by network or lane.

Management also described higher fuel prices and constrained driver/capacity availability in other transportation modes as factors supporting intermodal demand. The Q2 release attributed Eastern volume growth to conversion and service execution. Those explanations are plausible, but public data do not separate durable customer conversions from temporary truck-market substitution, freight mix, seasonal demand, bid timing, or network productivity.

J.B. Hunt cautions that interim results are not necessarily indicative of full-year performance. Its filings also describe freight volume as typically rising from August through early November. At the October 4 cutoff, Q2 is the latest completed reporting period. Q3 earnings were scheduled for October 15 and are outside this case’s information set.

Three possible directions

The Q2 result could motivate different resource choices. The following are planning alternatives for discussion, not plans publicly announced by J.B. Hunt.

1. Concentrate on Eastern conversions

Direct the largest share of incremental sales and service attention toward Eastern lanes, where reported Q2 load growth was highest. The case for this path is that conversions and service execution may be producing repeatable growth. The main questions are whether new volume persists after fuel and truck-capacity conditions change, and whether lane-level service and returns support concentration.

2. Maintain balanced domestic expansion

Continue to develop both Eastern and transcontinental networks, using lane-level service and customer economics to pace growth. This option avoids extrapolating one quarter’s regional spread and may preserve network balance. It also risks spreading scarce service attention and equipment across opportunities with different growth and economics.

3. Stage service-sensitive and cross-border opportunities

Use selected customer cohorts, rail partners, and existing asset-light or specialized services to test routes before broad capacity commitments. This could focus on service-sensitive domestic traffic or particular U.S.-Mexico corridors. It may limit early capital exposure and reveal which customers value the service proposition, while adding partner, border, and coordination dependencies.

Service propositions and evidence limits

J.B. Hunt and BNSF announced U.S. Quantum in 2023 as a premium, high-touch intermodal service for service-sensitive highway freight. The launch release said customers “can anticipate up to 95 percent” on-time delivery and approximately one day faster service than traditional intermodal; the 2026 proxy later described 95%+ and about a day faster. The reviewed materials do not provide a measurement period, shipment denominator, lanes, customer cohort, late-delivery definition, comparator sample, or independent audit. The release describes premium pricing between traditional intermodal and over-the-road service, but does not report realized customer savings or lane margins.

J.B. Hunt, BNSF, and GMXT announced the distinct Quantum de México (QDM) service in May 2025. The release identifies U.S. and Mexican markets and describes priority dray and rail, tracking, and joint oversight. That QDM release itself makes 95+% on-time and up-to-one-day-faster claims for the newly announced offering; it does not disclose a period, denominator, route or customer sample, underlying observations, or independent verification. These are QDM claims, distinct from the U.S. Quantum claims. Neither establishes the other service’s realized performance.

The 2026 proxy estimates that 7-11 million additional shipments “could be converted to intermodal,” based on analysis of J.B. Hunt 360 transactions and annual bid activity over several years. The public materials do not specify the estimate’s method, unique-shipment definition, lane/customer screen, time horizon, commitment status, or price and service assumptions. It is a management estimate of potential shipments, not contracted demand or a forecast.

J.B. Hunt reported that Mexico intermodal business grew 20% in 2025, citing Eagle Pass and other initiatives; the growth was not attributed to QDM alone. Its February 2026 release summarized a third-party JOC survey for July-December 2025 that included more than 145 shippers and intermodal marketing companies and reported an NPS of 58, overall rating of 4.6/5, and customer satisfaction of 93%. The original questionnaire and underlying data were not reviewed; the summary is not a current lane-level or Quantum-specific service measure.

Capacity, operating model, and evidence gaps

At quarter end, J.B. Hunt reported approximately 124,200 units of trailing capacity and 6,200 power units assigned to dray. The figures do not disclose spare capacity, lane-level utilization, or a particular corridor’s ability to absorb more freight. The Q2 filing reported \$144.9 million of net capex for the first half, a full-year 2026 company capex range of \$600-800 million, and approximately \$611.5 million of net purchase commitments across 2026 and 2027. These are company-wide amounts, not an approved JBI or lane investment budget.

ICS illustrates why volume alone may not indicate attractive economics. In Q2, ICS revenue rose 49% to \$388 million, and volume increased 19%; revenue per load increased 26%. Operating income was \$1.7 million, compared with a \$3.6 million loss, while gross-profit margin declined from 15.5% to 12.5% with increased purchased transportation expense. ICS provides a separate, multi-mode asset-light service and is not a measure of JBI conversion economics.

Several decision-critical measures are not disclosed publicly: which customers or lanes actually converted from truck; trial versus committed volumes; retention and reversion; matched truck total cost and service; end-to-end reliability distributions by corridor and rail partner; terminal dwell and missed connections; dray availability and container turns; cross-border performance; and lane-level equipment, onboarding, service, and return requirements.

Academic studies can help frame the questions. A full-text New Zealand stated-choice study found that cost, time, reliability, frequency, and damage/loss preferences differed by shipper class and shipment type. A partial-read review of European studies likewise identifies these service attributes and suggests price can dominate after basic quality requirements are met. The studies are not J.B. Hunt customer data: they do not establish its conversion drivers, service thresholds, or lane returns. Their estimates should not be transferred to the company.

Your assignment

You are advising a J.B. Hunt planning team on its FY2027 intermodal growth posture. Prepare a recommendation that addresses:

1. Which of the three directions should receive priority, and what should be staged or deferred?
2. Which customer, lane, service, and operating measures should gate any next increment of capacity or selling effort?
3. How should the team distinguish durable conversion from short-term substitution, pricing/fuel effects, mix, or productivity improvement?
4. What evidence would cause you to change course?

Be explicit about assumptions and uncertainty. Do not treat the public conversion estimate, service claims, quarterly growth, or company-wide capital figures as a lane-level forecast or return calculation.

Selected public-source basis

The case is based on J.B. Hunt's Q2 2026 Form 10-Q and earnings release; FY2025 Form 10-K; 2026 proxy/annual-report intermodal material; 2023 U.S. Quantum and 2025 QDM launch releases; the company's JOC survey summary; and the selectively reviewed third-party Q2 call transcript. Source locators, reading depth, and limitations are documented in the accompanying research dossier. No information after October 4, 2026 is included.