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The North American Third Party
Logistics Industry In 2009:
The Provider CEO Perspective

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INTRODUCTION

The third party logistics (3PL) industry continues to change as a result of large-scale consolidations, the pressures to globalize service offerings, and market pressures on prices and margins. Management is challenged on a regular basis to develop global positioning strategies, restructure their organizations and deliver solid value propositions to increasingly demanding customers.

For more than a decade, several co-authors and I have attempted to give insight into the provider side of the 3PL industry by conducting annual surveys of the CEOs of many of the largest 3PL companies in the world. While these surveys initially began in 1994 in the North American 3PL marketplace, in 2004, recognizing the increasing globalization of the 3PL industry, we decided to restructure the annual CEO surveys, and focus on three separate third-party logistics marketplaces. The three areas selected were North America, Europe and the Asia-Pacific region. Separate questionnaires were developed that specifically focused on those three regions, and the CEOs of major companies operating in each of those regions were contacted and asked to participate in the market-specific surveys.

We have been very fortunate in that many of the individuals contacted initially agreed to participate in the surveys, and have continued to share their perceptions of regional market dynamics with us each subsequent year. Collectively, the results of the three annual surveys allow us to provide a truly global overview of the third party logistics industry from the perspective of the CEOs of many of the major participants in the industry. We have continued to follow the regional approach since 2004, and this paper focuses on the results of a 2009 survey of the CEOs of 20 major logistics service providers operating in the North American market.

The 2009 survey focused on a variety of issues including the key marketplace dynamics in the North American 3PL industry, the industry's service offerings in the region and the current status and future prospects of the industry in the region. It also gave considerable attention to a number of other important issues including the 3PL industry's involvement in "green" and environmental sustainability issues and, most importantly, the impact of the global recession upon the industry and its customers.

The CEO of each company included in the survey was contacted by telephone or e-mail and asked to participate in a Web-based survey. An initial target group of 20 companies was contacted, and the CEO of all those companies agreed to participate. However, only 17 of the CEOs subsequently completed the survey online. **Exhibit 1** lists the companies that participated in the 2009 North American survey.

Two points should be noted before proceeding. First, due to individual company policies concerning financial disclosure, some questions were not answered by all respondents. Second, in a number of instances, average industry data is presented in the paper, but there is often substantial variability around those averages. That variability reflects a number of factors, including differences in company strategies, operating policies, and market segments served.

Revenues and Profitability

Several North American 3PL provider revenue and profitability issues were addressed in the 2009 survey and each is discussed below.

Annual Provider Revenues. Seventeen companies reported revenue data in responding to the survey. Collectively, these companies generated in excess of \$27 billion in North American revenues during 2008, with five companies reporting 2008 revenues in excess of \$1 billion. The annual revenues for 2008 reported by the respondents ranged from \$201 million to \$8.5 billion, with the average being \$1.61 billion.

Those surveyed were also asked to indicate where their companies' North American revenues were generated during 2008 (United States, Canada and Mexico), and to project the revenue split by geography for 2012. As shown in **Table 1**, the averages for 2008 for companies participating in this survey were 84 percent from the United States (82 percent in the 2008 survey), 10 percent from Canada (11 percent in the 2008 survey) and five percent from Mexico (seven percent in the 2008 survey). Collectively, the participants projected modest shifts in that revenue split for 2012, with the averages being 81 percent from the United States, 11 percent from Canada and eight percent from Mexico.

Success in Meeting Growth Projections. Those surveyed were also asked about the success of their companies in meeting their North American revenue growth projections during 2008. Two CEOs reported their companies had exceeded company revenue growth projections, six indicated that their companies met their projections and nine indicated their companies failed to meet their projections.

Company and Industry Profitability. The CEOs were also asked to categorize the profitability of their companies' North American business units during 2008, and for the sixth straight year their responses were quite positive. Despite the fact that more than half of the companies failed to meet their revenue targets during the year, all 17 CEOs reported that their companies were moderately profitable for the year. Only one CEO (five percent) indicated his company was marginally unprofitable for the year.

In the 2009 survey the CEOs were also asked to categorize their views of the profitability of the North American 3PL industry as a whole in 2008. In response, 11 classified the industry as being moderately profitable for the year and four estimated that the industry broke even for the year. One said the industry was moderately unprofitable for the year and another classified it as very unprofitable.

Geographic Shifts of Customer Manufacturing Activities

In response to rising labor and material costs in China and the volatility of oil prices (which influence transportation costs) some American manufacturers that had established manufacturing operations in China for export to North America are beginning to reduce their manufacturing base in China, and moving some manufacturing activities back to either North or Central America. In this year's survey, the CEOs were asked if any of their major manufacturing accounts had participated in such a movement and 12 of the 17 respondents (71 percent) said "yes." Similar responses were given in the 2008 survey by 11 of the 20 respondents (55 percent).

Eleven of the CEOs involved in the 2009 survey then responded to a question that asked how significant that shift had been to their companies and what were the long-term implications of that shift. While only one of them said the shift had been significant, the others generally expected the trend to accelerate in the future. With respect to the long-term implications, the CEOs cited such issues as the possible need for company investment in Mexico and Central

America, potential changes in the network designs, inventory levels and order lead times of customers, more freight movements from Mexico, Central America and South America and possible reduction of inbound port business in Mexico that was being handled by the 3PL.

Shorter Supply Chains

During the past several years, many companies have taken steps to shorten their supply chains to not only reduce costs, but to also improve service levels. Those surveyed were asked what percentage of their major customers had taken steps to shorten their supply chains during the past year, and the average response was 22.6 percent with a range of less than five to 75 percent. Three respondents indicated that more than half of the major customers had done so in the past year.

The CEOs were next asked what the implications of those shorter supply chains were to their companies, and they identified a broad range of implications including the following:

- A reduction in company revenues related to freight forwarding, customs clearance and air freight
- The need to adjust company service offerings to reflect new customer sourcing patterns
- More NAFTA activity for the company
- Less inbound international traffic for the company, particularly from asia
- Increased customer demand to handle smaller shipments at higher velocity
- The need to respond to changes in customer networks, particularly the movement from a single distribution center to regional nodes

Mergers and Acquisitions (M/A)

The worldwide consolidation movement in the 3PL industry continues. This movement is dramatically affecting the structure of the industry, and in recognition of this fact, several questions related to that restructuring were included in the 2009 survey.

Percentage of Revenue Growth Expected from Acquisitions. Those surveyed were first asked what percentage of their companies' revenue growth over the next three years was expected to come from acquisitions. The average response was 8.6 percent. Interestingly, five CEOs indicated that they do not expect any of their companies' growth over that time period to come from acquisitions.

Extent of M/A Activity. Only four of the 17 CEOs indicated their companies had been involved in significant mergers or acquisitions in the region during the past year. Collectively, the 3PLs acquired three 3PL companies, one IT service provider and one freight forwarder/customs brokers.

Branding Activities

As many 3PL companies have grown through acquisitions, or been acquired, the acquisitions have led to some degree of “brand” confusion in the marketplace. In recognition of this, our last three surveys have included questions related to industry branding activities. In the 2009 survey the CEOs were asked if their companies’ expenditures on branding activities had increased, stayed the same, or decreased since the start of the recession. In response, only one of the 17 CEOs indicated that his company had increased branding outlays during that period, 11 indicated that those expenditures had remained approximately the same and five said the branding expenditures had decreased.

Those surveyed were also asked to comment on company spending on a variety of marketing-related activities during the past year, and the results are summarized in **Table 2**. As shown, the most significant expenditure increases were in the areas of personal selling, publicity, internet advertising, sales promotion, and direct mail, while the most significant decreases were in the areas of radio advertising, print advertising, television advertising, and management presentations at professional conferences.

Impact of the Global Recession

The global recession had a dramatic impact on not only the 3PL industry in North America, but also its customer base. This year’s survey contained a number of questions related to such topics as industry layoffs, hiring practices, training efforts, and executive travel. The responses to these questions follow.

Layoffs, Recruiting and Training. Fifteen of the 17 companies involved in the survey reported layoffs, with the average being approximately 13 percent of the workforce. The reported layoffs ranged from two to 20 percent of their employees. It should be noted that one of the companies that reported a rather small number, three percent, also indicated that his company had imposed a “hard hiring freeze” that has also effectively reduced the size of the workforce through attrition. Several respondents indicated their companies had attempted to keep layoffs to a minimum by filling all open positions internally. As might be expected, 11 of the 17 companies also reported reduced recruiting efforts. In a somewhat surprising development, only three of the 17 CEOs reported that their companies had reduced training expenditures as a result of the economic slowdown. Such outlays are often among the first to be eliminated by companies during an economic downturn. In contrast, 15 of the 17 CEOs reported that their companies had reduced the frequency with which it sends its managers to professional conferences as a result of the downturn.

Pricing Pressures. Those surveyed were asked if the recession had intensified the long-standing price compression pressures in the North American marketplace and all 17 respondents said “yes.” They were then asked how their companies had responded to the intensified pricing pressures and they cited a broad range of responses. It should be noted that many of the CEOs cited several responses by their companies. Foremost among these were cost reduction efforts within their companies that were noted by 11 of the CEOs. Four other responses were each mentioned by four CEOs. They were manpower cuts within their companies, working more closely with customers to cut their supply chain costs, reducing the margins on some accounts and focusing on “value selling.” Three other responses were each cited by two CEOs. They were efforts to re-engineer processes within their companies, passing those pricing pressures along to their vendors and launching “lean” initiatives within their companies. Among the other responses cited by a single CEO were attempts to reduce company overhead, initiation of gain-sharing programs with some customers and the purchase of used rather than new transportation equipment.

Changes in Customer SCM Strategies and Practices. The CEOs were also asked if the global recession had led to significant changes in the supply chain management practices of their major clients, and 16 of the 17 CEOs said that it

had. They were then asked to highlight the most significant of those changes have. In response, they indicated their customers were:

- Using more of their own excess or idle space and reducing their demand for space provided by 3PLs
- Showing greater interest in establishing operations in Mexico, Central and South America
- Becoming much more aggressive with respect to pricing
- Placing much greater emphasis on re-evaluation of their supply chains in an effort to reduce costs and improve efficiency
- Expressing greater interest in using 4PL services
- Seeking more flexible solutions that can be adapted to demand
- Developing a strong focus on applying "lean" principles to their supply chains
- Exploring alternative solutions and network configurations with their 3PLs
- Looking for shorter-term contracts with conditional pricing

Implications of Those Changes to the 3PLs. Those surveyed were then asked to discuss the implications of those customer changes to their companies. Their responses were quite varied, but tended to emphasize such things as lower margins on many accounts, more re-bidding of accounts, lower volume from many customers, and a significant increase in the number of RFPs being received by their companies. In response to these developments some of the companies have started to rationalize their operations, cut costs, invest in sales and marketing efforts, and move away from a one-size-fits-all approach in the marketplace. Several have experienced a growth in demand for consulting services and others have decided to "move up the value chain" into 4PL work.

Changes in 3PL Provider Strategies. The CEOs were also asked if the global recession had influenced the major strategic decisions being made by their companies and all 17 said it had. They were next asked how the recession had influenced those decisions, and the responses were again quite varied. Interestingly, only two responses were cited by more than one CEO, and each of those were mentioned four times. Those responses were heightened cost awareness within the company and heightened awareness with respect to future capital investments. Among the other strategic changes mentioned were:

- A postponement of major strategic decisions
- More vigorous scrutiny of new initiatives
- A corporate restructuring to make the company more flexible and responsive to market changes
- Placing greater emphasis on clients in industries that were less affected by the recession
- Focusing on the company's core business
- Developing plans for when the economy rebounds

Impact on Customer Relationships. We asked those surveyed several questions concerning the impact of the recession on their companies' relationships with their major customers. We first asked the CEOs to comment, on average, how the recession had impacted their relationships with their major customers. The results were quite interesting. On average, the relationships were categorized as follows:

- **More collaborative – 11.8 percent**
- **Much more collaborative – 23.5 percent**
- **The same – 41.2 percent**
- **More adversarial – 17.6 percent**
- **Much more adversarial – 5.9 percent**

Interestingly, on average, more than one-third of their relationships became at least more collaborative during the downturn. It should be noted that similar results were reported by the CEOs in responding to our survey questions during the last significant economic downturn.

When asked if their companies had taken any particular steps to foster greater collaboration with key customers during the downturn, 15 of the 17 CEO (88.2 percent) said that they had done so. Those that had were then asked to briefly discuss the steps taken, and as might be expected their responses were quite varied. However, several common themes ran throughout their responses. The companies tended to devote more resources to key accounts during the downturn. They also emphasized best practice sharing, regular top-to-top meetings and greater emphasis on using the analytical capabilities of their companies to assist key clients in evaluating their strategic options.

The CEOs were also asked what advice they would give other 3PL executives about the steps that should be taken to sustain a collaborative working relationship with key customers during a major economic downturn. Their responses were quite varied and included the following:

- Apply scarce resources to “loyal” customers
- Share as much information as possible with customers
- Maintain cost and margin transparency
- Share in “pains” and “gains”
- Align the organizations at multiple levels, from bottom to top
- Be a relentless communicator
- Strive to understand the customer’s main “pain points”
- Work to maintain strong personal relationships with customers
- Focus on delivering value through collaborative work initiatives
- Continuously investigate if you are delivering the services the customer needs
- Work to truly understand your customers’ businesses

Green/Environmental Sustainability Issues in the 3PL Industry

In our 2008 survey we determined that nearly all of the 3PL companies involved in the survey had made significant commitments to green/environmental sustainability programs. Many had established formal programs in that area, and had appointed individuals to lead their efforts in that area. The companies reported that they had launched numerous sustainability projects and that those projects had yielded significant environmental and company benefits.

However, economic conditions worsened dramatically subsequent to that survey, and we were concerned that financial pressures might lessen the commitment of those companies to sustainability goals. That didn’t happen. None of the companies involved in the 2009 survey reported scaling back any of the sustainability initiatives that they reported last year. In fact, 11 CEOs reported that their companies had expanded their existing sustainability projects, and 12 reported launching new sustainability initiatives during 2009.

A wide variety of new sustainability projects were reported. Four companies reported participation in the U.S. Environmental Protection Agency’s SmartWay program. Four others cited efforts to improve the environmental performance of their companies’ vehicle and vessel fleets, and those efforts included such diverse steps as installing solar panels on ocean vessels, buying tractors and trailers engineered to reduce fuel consumption and greenhouse gas emissions and using ultra low sulfur diesel fuel in company trucks. Three CEOs also mentioned related analytical efforts on behalf of their companies aimed at:

- Identifying the company’s carbon footprint to be prepared for potential “carbon pricing”
- Developing a carbon footprint calculator to allow customers to consider and weigh the environmental costs or benefits of particular logistics solutions
- Developing a carbon footprint metrics tool to measure and report on company greenhouse gas emissions

Among the other interesting new sustainability projects reported by the 3PLs were offering work from home options to some employees, cargo consolidation programs aimed at better capacity utilization of vehicles, development of "Green Training Programs" for employees, and establishment of collaborative sustainability partnerships with vendors, carriers, and customers.

The CEOs were also asked to comment on the amount of attention currently being given to sustainability issues by their customers in discussions with the 3PLs. On average they reported that 18 percent of their customers were giving substantial attention to such issues, 59 percent of their customers were giving some attention to those issues, and that 23 percent of their customers were giving little attention to those issues.

Current Status and Future Prospects of the Industry

In each annual North American survey, the CEOs are asked a series of questions concerning their perceptions of the current status and future prospects of the 3PL industry in the region. Specifically, they are asked to identify the most important 3PL industry dynamics, opportunities and problems. They are also asked to indicate the most important developments within their companies and within the 3PL industry during the past year.

Industry Dynamics. In any industry managers are challenged to understand the dynamics of the marketplace in which their companies operate. In recognition of this, the CEOs were asked to identify and rank in order the three most important industry dynamics operating in the North American 3PL marketplace in 2009. A first-place mention was given three points, a second-place mention was given two points, and a third-place mention was given one point. These points were used in calculating the total weighted points shown in **Table 3**.

According to the respondents, the most significant dynamic operating in the North American 3PL marketplace was the global recession which not only generated the greatest number of total weighted points with 33, but also the most first-place mentions with 10. It was accorded "Top 3" status by 14 of the 17 CEOs who answered that question. Continued downward pressure on pricing, which had been ranked first among dynamics in four of the last five annual surveys, placed second this year with 24 total points and four first-place mentions. In third-place for the second year in a row with 17 total points was the increased involvement of procurement professionals in the 3PL selection process. In fourth-place with 12 total points was increasing customer expectations with respect to IT support. Rounding out the top five dynamics was increased pressure to internationalize company service offerings with nine points.

Industry Opportunities. The CEOs surveyed were also asked to identify the three most significant opportunities available to providers in the North American 3PL marketplace during 2009.

Topping the list with 11 "Top 3" mentions, including six first-place mentions, were opportunities related to the growth of the outsourcing market, with 26 total weighted points. In second place for the second year in a row with four first-place mentions and 15 total points was possible expansion of integrated SCM services. In third-place with 14 total points were possible IT enhancements for customers. Rounding out the top five opportunities were possible expansion of consulting services with nine total points, and opportunities related to possible consolidation with other 3PLs with eight total points.

Industry Problems. The CEOs were also asked to identify the three most important problems facing their companies in the North American 3PL industry. According to the CEOs, the industry's most important problem is continuing downward pressure on prices which garnered seven first-place mentions and 22 total weighted points. Not surprisingly, the recession ranked second with 14 total points. Company financial problems ranked third with 11 total points, and finding and keeping managerial and operating talent ranked fourth with seven total points.

Most Significant Company Developments of the Past Year. The CEOs were also asked to identify what they believed to be the most significant development that had taken place within their North American business units and within the North American 3PL industry during the previous year.

As has been the case in previous years, their responses related to company developments covered a broad range of topics. However, the responses can be clustered into four categories:

1. Dealing with the global recession
2. Organizational changes
3. Changes in company service offerings
4. Other category

Six CEOs indicated that the most significant developments within their companies in the past year were related to company responses to the global recession. Those responses included managing empty space, dealing with lower volume, coping with less revenue, and managing operations in business sectors that were particularly hard-hit such as automotive.

Five respondents mentioned changes in company service offerings, including increased company focus on consulting services such as network modelling, development of 4PL service offerings, expansion of global service offerings, broadening of the company's IT service portfolio, and focusing on SCM as a network business and as such creating value in "bundles."

Three CEOs said the most significant company developments of the past year dealt with organizational changes. Those changes involved such things as upgrading the company's management team, formation of vertical/industry business segments, and streamlining operations to help control costs.

Two responses fell into the "other" category. One of those was quite unique in this grouping of companies, and that was dealing with significant growth, the other was attempting to understand the impact of fuel and fuel surcharges on the company and its customers.

Most Significant North American 3PL Industry Developments of the Past Year. The CEOs were also asked to identify the most significant developments that had taken place in the North American 3PL industry during the past year.

Not surprisingly, most of the respondents focused on the recession and its impact on the industry. In fact, 13 of the 15 CEOs who answered the question highlighted various aspects of that impact including:

- The "demise" of the automotive sector which was mentioned by five CEOs
- Declining volumes
- The struggles of asset-based 3PLs that were suffering through a capacity glut
- Client "turmoil"
- The impact of the recession on new business opportunities
- The impact of the recession on transportation companies

The only other industry development mentioned by a respondent were improvements in technology within the industry.

Major Changes Expected During the Next Three Years. The CEOs were then asked what major changes they expected to take place in the North American 3PL industry during the next three years, and 15 responded to this question. As was the case in the five most recent annual surveys, the merger and acquisition movement dominated their thinking, and seven CEOs indicated that they believed the movement will continue to accelerate, not only in North America. In addition, there were several other changes that were predicted by more than one respondent.

Four believed that there would be a substantial increase in NAFTA traffic as more companies move manufacturing back from Asia to North America, and the same number expect the 3PL market in North America to rebound strongly following a slow recovery. Three CEOs expect more 3PL failures during the next three years. The same number expected competitive intensity to increase in the North American marketplace. Among the other changes anticipated by one CEO were:

- The entrance of more foreign 3PLs into the north american marketplace
- Restructuring of 3PLs that have been heavily involved in the automotive sector
- Price inflation as demand returns and capacity is short
- Increased collaboration across companies
- More focus on “green” solutions
- A private equity “retreat” from the 3PL industry
- Cutting edge it solutions will become more of a competitive differentiator

Estimated Company and Industry Growth Rates

Finally, the CEOs were asked to estimate annual company and industry revenue growth rates for the one and three-year periods, and all 17 CEOs provided those estimates. Their projections are shown in **Tables 4 and 5**, and discussed below.

The average company revenue growth projection for the next year was 6.9 percent (down from 12.6 and 12.9 percent in the two previous years), with the projected three-year company revenue growth average being 11.8 percent (down slightly from 13.4 and 13.2 percent in the two previous surveys). It should be noted that the estimates varied significantly from company to company, with the one-year company projections ranging from negative 25 percent to plus 15 percent, and three-year projections ranging from zero percent to plus 20 percent.

In terms of industry growth projections, the CEOs projected that the industry's one-year revenue growth rate would average 3.5 percent, down dramatically from the two previous estimates of nine and 11.1 percent. They forecasted an annual average growth rate of 7.9 percent over the next three-year period, down from the two previous projections of 9.8 and 11.4 percent. Individual CEO projections of the industry's growth rates ranged from negative 35 percent to plus 20 percent for the one-year period, and negative 10 percent to plus 20 percent for the three-year period.

It should be noted that two of the CEOs involved in the survey projected significant declines in their companies' revenue base for the one-year period, and also projected no growth in the revenue base of their companies for the three-year period.

This paper has discussed the results of a 2009 survey of the CEOs of 17 of the largest 3PL service providers operating

SUMMARY AND IMPLICATIONS

in the North American marketplace. Collectively these companies generated more than \$27 billion in North American 3PL revenues during 2008. However, more than half of the respondent companies failed to meet their revenue projections during 2008.

As a result of the global recession and its impact on the 3PL industry, this group of companies were quite cautious about both company and industry prospects for the next year. On average, they projected that the revenue base of their companies would grow by an average of 6.9 percent during the next year. That was the lowest annual growth projection recorded in the 15 year history of these annual surveys. At the same time, they projected that the revenue base of the North American 3PL industry would only increase by 3.5 percent during the next year. Again, this was dramatically lower than any one-year industry forecast recorded in the history of these surveys.

However, the CEOs were rather optimistic about prospects for their companies and the North American 3PL industry in the three-year time frame. Their average annual company revenue growth projection for the three-year period was 11.8 percent, and their three-year annual projection for the North American 3PL industry was 7.9 percent. While slightly less than one-quarter of the CEOs reported their companies were involved in significant merger/acquisition activity during the past year, most believe that the consolidation movement will continue in the North American 3PL industry.

The 2008 survey determined that most of the North American 3PL companies involved in the survey had become increasingly involved in green/environmental sustainability issues. In this year's survey we determined that none of those companies had scaled back their commitment to such issues. In fact, 11 of the companies reported expanding their existing sustainability programs, and 12 reported launching new sustainability initiatives.

As might be expected, the global recession has impacted North American 3PL service providers in many ways. The related reduction in volume, and steadily escalating pricing pressures have led to 3PL layoffs, reduction in recruiting efforts, and increased emphasis on cost controls. Those same pressures have led many of their most important customers to reassess their supply chain strategies and operations, and that reassessment has led to such changes as movements toward near-shoring and substantial redesign of their supply chain networks.

The recession, continuing downward pressure on pricing, and the increasing role of procurement professionals in the 3PL selection process were identified as the three most important North American market dynamics. The most important opportunities were identified as the continuing growth of the market for outsourcing services, possible expansion of integrated SCM services, and possible IT enhancements for customers. The CEOs identified the three most important problems facing their companies in the North American 3PL marketplace as continuing downward pressure on prices, the recession, and company financial problems.

What Do We Expect?

This survey was conducted between May and July 2009, and the global recession was clearly impacting the North American 3PL marketplace. Based upon the results of the survey, we expect the following:

- A slow recovery of 3PL business in the North American marketplace
- Stronger relationships to emerge with many key 3PL customers
- Greater emphasis to be placed by the 3PLs on “quality” customers and solid verticals
- At the same time, adversarial clients are likely to become ex-clients
- A less aggressive posture with respect to mergers and acquisitions
- Slower geographic expansion
- More emphasis to be placed by large 3PLs on alliances with other 3PLs, carriers and middlemen
- A significant number of failures among small/medium 3PLs in the region
- The chronic talent shortage in the industry to be lessened due to recession-related provider and user layoffs
- Sustainability issues to receive substantial more attention from both 3PLs and their customers in the region

EXHIBIT 1

**Third Party Logistics Companies Included in the 2009 North American
3PL Industry CEO Survey**

Cardinal Logistics	Landstar	Schenker
Caterpillar Logistics Services	Menlo Logistics	Schneider Logistics
CEVA Logistics	NYK Logistics	Transplace.com
DSC Logistics	Panalpina	UPS Supply Chain Solutions
DHL Exel Supply Chain	Penske Logistics	UTi
Genco	Pittsburgh Logistics	YRC Logistics
Kuehne & Nagel Logistics, Inc.	Ryder	

TABLE 1
Percentage of Revenues Generated in the United States, Canada and Mexico, 2008 and 2011 Forecast

Geographic Area	Actual 2008	Projected 2011
United States	82%	80%
Canada	11%	10%
Mexico	7%	10%

TABLE 2
3PL Expenditures for Various Marketing Activities in the Past Year*

Activity	Increased dramatically	Increased	Remained the same	Decreased	Decreased dramatically
Conference presentations		11.8% (2)	47.1% (8)	23.5% (4)	17.6% (3)
Internet advertising		29.4%	52.9% (9)	11.8% (2)	5.9% (1)
TV advertising			60% (6)	10% (1)	30% (3)
Print advertising		6.2% (1)	50% (8)	31.2% (5)	12.5% (2)
Publicity		37.5% (6)	43.8% (7)	12.5% (2)	6.2% (1)
Direct mail		25% (4)	56.2% (9)	12.5% (2)	6.2% (1)
Sales promotion		28.6% (4)	42.9% (6)	21.4% (3)	7.1% (1)
Personal selling		62.5% (10)	25% (4)	12.5% (2)	

*Number of companies reported in ()

TABLE 3
CEO Perception of the Three Most Important North American 3PL Industry Dynamics, 2009

Industry Dynamic	# of CEOs Ranking It #1	# of CEOs Ranking It #2	# of CEOs Ranking It #3	Total Weighted Points
The global recession	10	1	1	33
Continuing downward pressure on pricing	4	6		24
Growing procurement involvement in 3PL selection process	1	3	5	17
Increasing customer expectations with respect to IT support	3	1	1	12
Increased pressure to internationalize service offerings	1	2	2	9

TABLE 4
2009 Survey CEO One and Three-Year Revenue Growth Projections for Their Companies
and Comparisons with 2008 Projections

One-Year Company 2009 Projection	One-Year Company 2008 Projection	Three-Year Company 2009 Projection	Three-Year Company 2008 Projection
6.9%	12.6%	11.8%	13.4%
Range: -25% to +15%		Range: -10% to +20%	

TABLE 5
2009 Survey CEO One and Three-Year Revenue Growth Projections for the North American
3PL Industry and Comparisons with 2008 Projections

One-Year Industry 2009 Projection	One-Year Industry 2008 Projection	Three-Year Industry 2009 Projection	Three-Year Industry 2008 Projection
3.5%	9.0%	7.9%	9.8%
Range: -35% to +20%		Range: -10% to +20%	