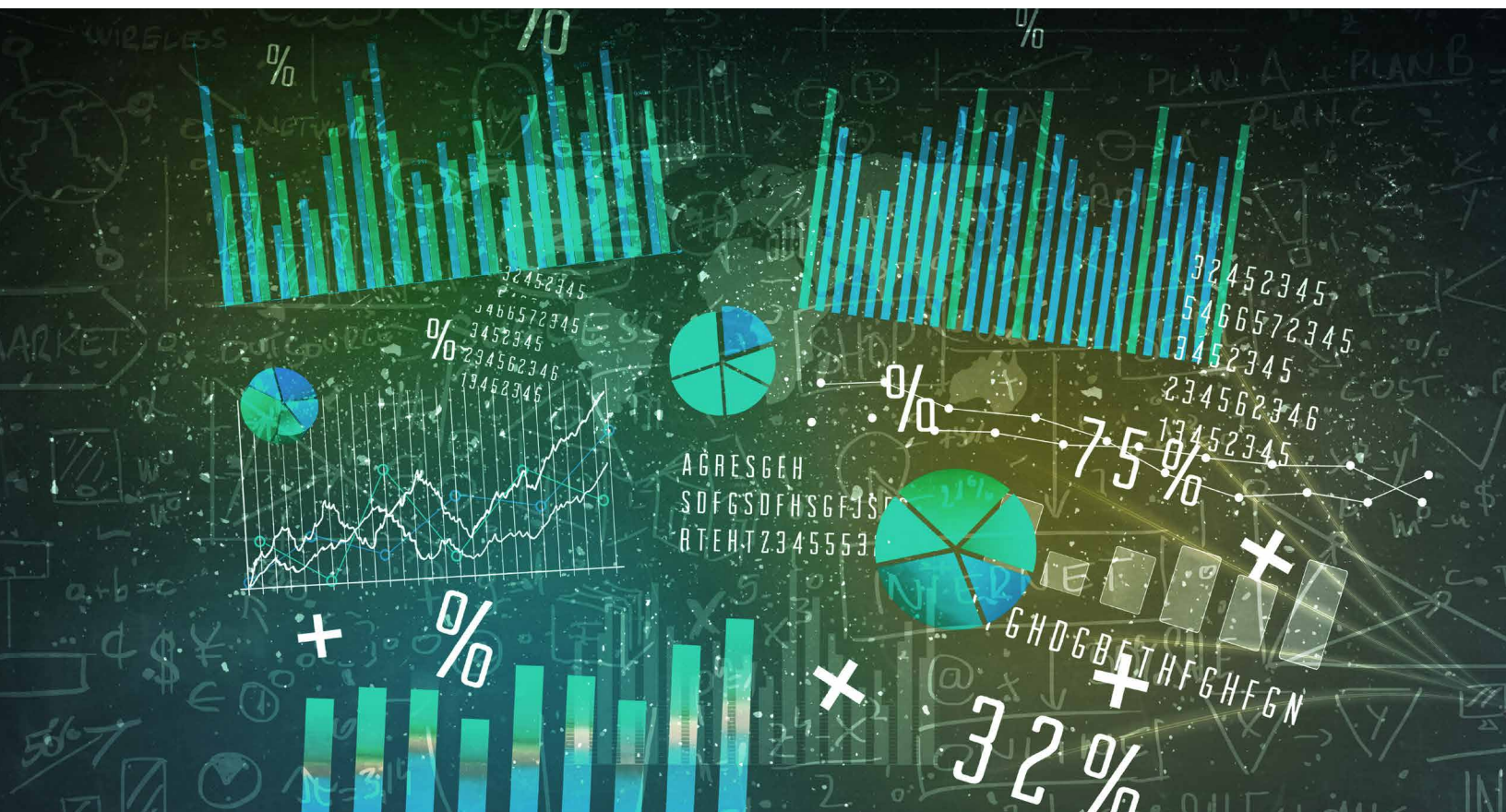




Cooperation and support from:



2016 SALES & MARKETING METRICS STUDY

For the Transportation, Logistics,
and Supply Chain Industry

The Transportation Marketing and Sales Association (TMSA) provides knowledge, connections, recognition, and solutions to marketing, sales, and communications professionals in the transportation and logistics industries.

Compiled and presented by:



Sales Outcomes helps transportation, logistics, and supply chain companies improve revenue and profit by improving sales performance.

The year 2016 marks the Transportation Marketing & Sales Association's second annual sales and marketing metrics study. The study design, results, and analysis are compiled and presented by our research and consulting partner, Sales Outcomes.

Beginning with this 2016 study, the Transportation Intermediaries Association (TIA) also co-sponsored this study.

The goal of this study is to help sales and marketing practitioners and business leaders gain a better understanding of key sales and marketing metrics, how the metrics change over time, and best practices for marketing and sales success.

As a testimony to the importance of this study to our industry, the number of respondents for this year's survey increased three-fold.

About the Study

This survey was conducted between April and September 2015 via an email invitation to TMSA and TIA members and other sales and marketing practitioners in the logistics, supply chain, and transportation industries.

The survey instrument was a confidential, Web-based survey consisting of 17 demographic questions, 21 sales questions, and 20 marketing questions.

The 2016 study received the support of 145 respondent companies versus 53 respondents in the 2014 study. Over 82% of participants in the survey hold the position of director-level and higher. TMSA and TIA members will have additional question summaries available during their respective annual conferences, but this study contains only a subset of the survey questions.

A sample of respondent companies include:

- | | |
|-----------------------|------------------------------|
| • APL Logistics | • Bison Transport |
| • BDP International | • Transplace |
| • Averitt Express | • The Suddath Companies |
| • BlueGrace Logistics | • TransCore Link Logistics |
| • LeSaint Logistics | • Schneider |
| • Kenco Logistics | • Celadon |
| • GENCO | • iTN Worldwide |
| • Americold | • Maersk Line |
| • Con-Way Freight | • Southeastern Freight Lines |
| • ABF Freight | • Ruan |

Metrics Highlights

Sales Metrics

- Inside Sales contributes almost 43% of sales revenue when deployed within a respondent company, a 14-point increase from 2014.
- Sales results from 2014 were better, or significantly better, than 2013 for 78% of respondents. Sales results from 2015 were expected to be better, or significantly better, for 65% of the respondents.
- Compensation and T&E make up an average 86% of sales budgets: Training, Learning, and Development at 6% is under-weighted by about 50%, as compared to other industries.
- Thirty-four percent of sales headcount within respondent companies achieved 50% or less of quota.

Marketing Metrics

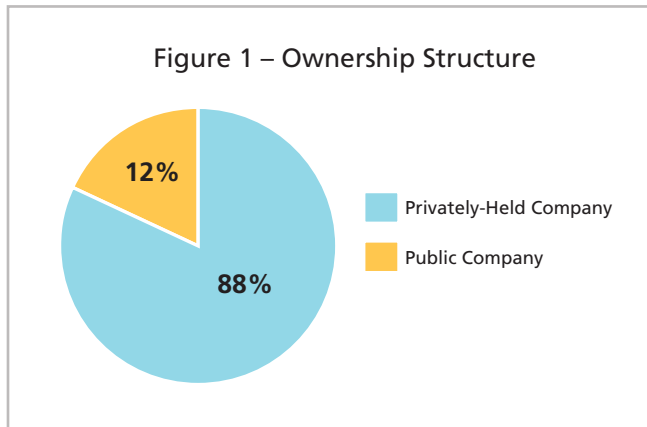
- Almost 51% of respondents reported increased marketing budgets in this year's study, as compared to 38% reporting increases in 2014.
- Print and Online advertising make up an average of 34% of 2015 marketing budgets, reflecting a slight decrease from 38% of 2014 budgets.
- A continued shift to outsourcing of marketing activities, as opposed to managing in-house, was reported by respondents with an average 20-point increase in outsourcing across most common marketing communication activities.



Demographics

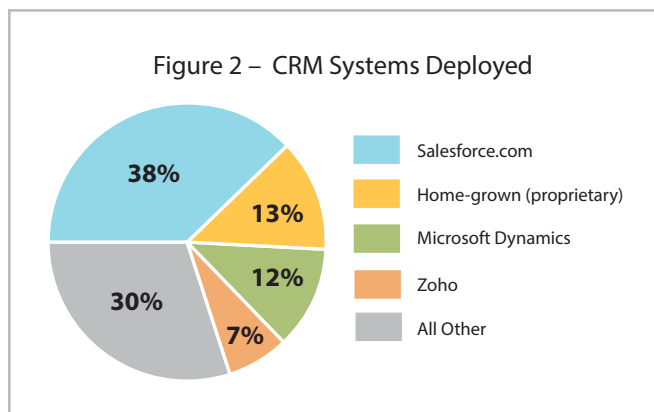
Ownership Structure

Not surprisingly, 88% of the 2016 survey respondents were privately-held firms, which mirrors the type of ownership in our industry overall. (Figure 1)



CRM Systems Deployed

Salesforce.com continues to be the CRM system leader among survey respondents at 38%, followed by Home-grown systems at 13% of the total. Ninety-five percent of respondents indicated that they used a CRM system of some type. Consistent with the 2014 study, 33% said they were considering deploying a new CRM system in the next 12 months. Other CRM systems mentioned by the respondents include SugarCRM, Goldmine, Oracle, and ACT. Transportation Management systems such as TMW, McCleod, and Aljex were also mentioned. (Figure 2)

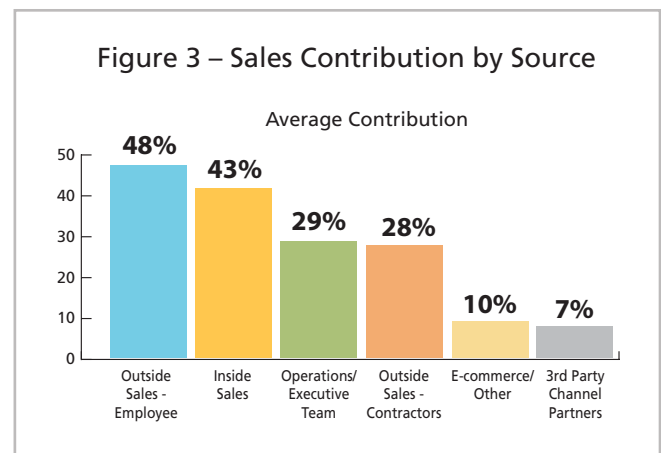


75% of respondents have an inside sales organization.

Sales Metrics

Sales Contribution by Source

In the 2014 study, company outside sales employees contributed on average about 75% of the revenue for our respondent companies that had outside sales teams. This year, outside sales employee contributions were reported at 48% — this material change is primarily attributable to a larger transportation-centric respondent population that tends to use more inside sales. Inside sales contributed an average of 43% of revenue for those companies that had inside sales, a 14-point increase from 2015. (Figure 3)



Note: Percentages reflect the average contribution of the particular revenue source cited by the respondents. Not all sources cited by all respondents.

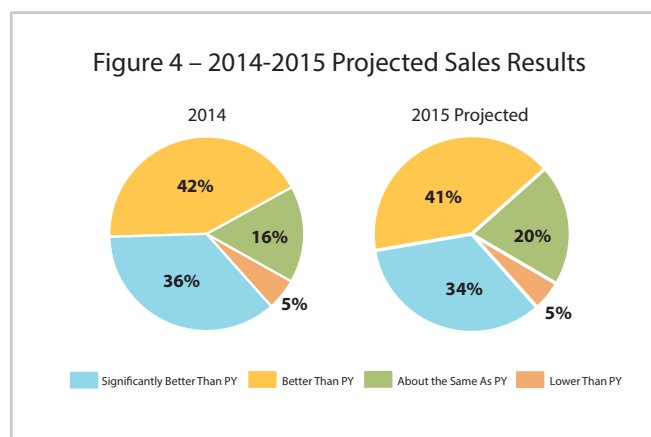
Seventy-five percent of 2016 respondents indicated that they have inside sales organizations (size of organization was not asked) versus 62% indicating having an inside sales organization in 2014. These trends are not surprising in our view, as hiring outside sales people is increasingly expensive and time consuming. We are also hearing that many companies are struggling to launch inside sales organizations due to friction with outside sales.



Projected Sales Results

Similar to the 2014 study, responses to the sales results questions provided some of the most interesting study observations. Approximately 5% of respondents indicated that 2014 or 2015 projected sales results were lower than the prior year. While it appears that this year was again a strong year for most companies in our industries, it's common knowledge that non-asset transportation companies appear to have experienced flat or declining growth due to capacity issues in the truckload and intermodal markets. Seventy-five percent of respondents report better or significantly better sales results for 2015P versus 2014, which is a 3-point decrease from 2014 versus 2013 sales results.

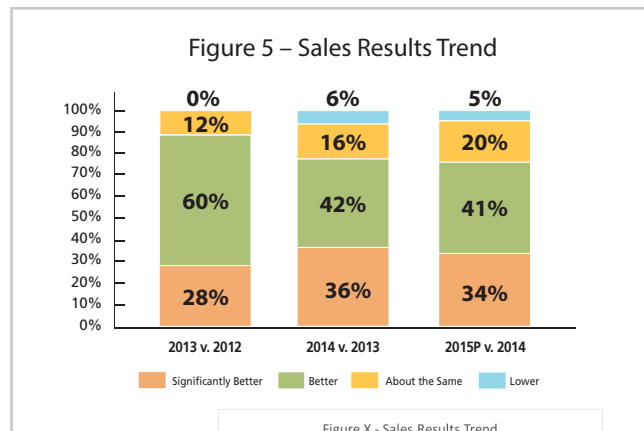
The key takeaway for sales and business leaders is that 2014 and 2015 were relatively strong over all for the industry. If you believe in the saying that "a rising tide floats all boats," organizations should look closely at their sales teams to determine how they actually got to their numbers. In other words, did the sales team exhibit actions and behaviors in 2014 and 2015 that will allow your company to continue to grow even if the overall market in 2016 is down? Or will your sales growth stall like the market? (Figure 4)



Sales Trends

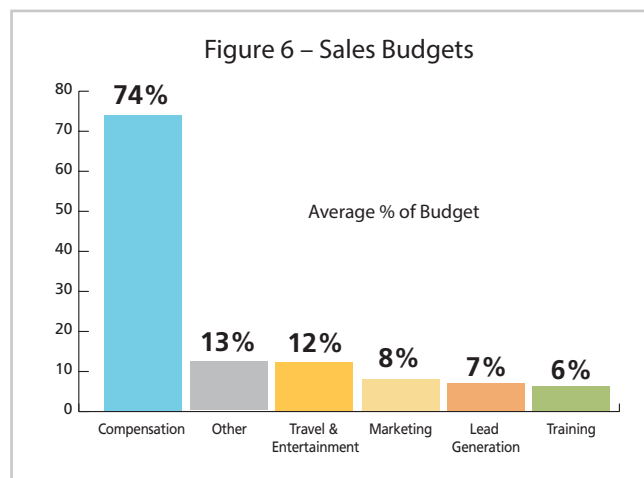
We combined the 2014 and 2016 responses for the Projected Sales Results questions to establish our first trend observation. For 2013 through 2015 Projected, it appears that about a third of survey respondents experienced and expect significantly better sales results versus the prior year. However, while 88% of respondents reported better or significantly better sales results in 2013 than 2012, only 75% of respondents reported better or significantly better sales results for 2015 versus 2014, reflecting a 13-point decline over the three-year period.

This trend appears to support logistics pressures that have been reported in the industry press, such as the driver shortage, rail, intermodal and truckload capacity shifts due to the decline of oil and commodity prices, and the shifts in air and ocean freight patterns caused by labor issues and weakness in Asia origin freight flows. (Figure 5)



Sales Budgets

Compensation (includes base salaries, commissions, bonuses) comprised 74% of total sales budgets followed by 12% for Travel & Entertainment, collectively representing 86% of total sales budgets. Training (includes Learning and Development) at 6% is under-weighted in sales budgets as compared to other industries with complex or solutions sales. Note that for many brokerage operations, the sales organization may also perform operational duties (such as matching secured freight with capacity and customer service duties). We don't believe most firms break out compensation for this split of duties, so the percentage of compensation to budget may be elevated versus prior years. We hope to normalize this metric in the next study. (Figure 6)

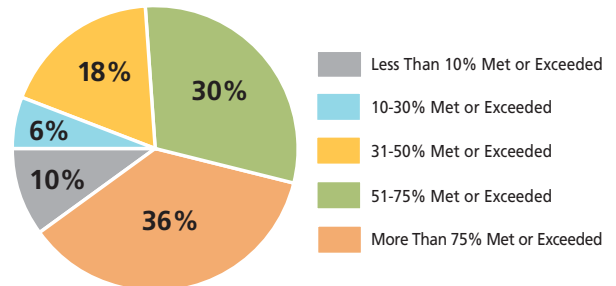


Percentage of Sales People Achieving Quota

This question is intended to understand how evenly individual quota attainment achievement occurs in the sales organization. This question does not address if the overall organization made quota. The results are stark and reflect what we have seen in other industries. Thirty-six percent of sales people achieved 75% of quota or higher, with 30% achieving between 51% and 75% of quota. Thirty-four percent achieved less than 50% of quota. Furthermore, the results suggest that a small portion of the sales organization is generating most of the sales results.

The implication is that a sizeable portion of the sales organization may not be covering their cost of payroll. What we don't know is what percentage of the sales organization were new in their roles, but we estimate less than 20%. (Figure 7)

Figure 7 – Percentage of Salespeople Achieving Quota



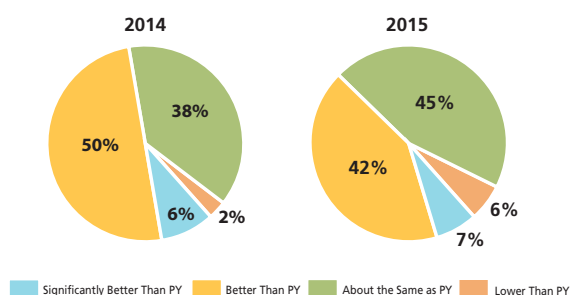
Marketing Metrics

Marketing Budgets

Six percent of respondents reported lower marketing budgets in 2014 and 2015, with 38% and 49% reporting marketing budget increases for 2014 and 2015, respectively.

Overall, 2014 and 2015 have been good to marketing budgets for our respondent companies. The challenge for marketers will be how to increase marketing budgets in good economic conditions and bad. We believe that will only happen if marketers continue to focus on demonstrating ROI of their marketing investments. (Figure 8)

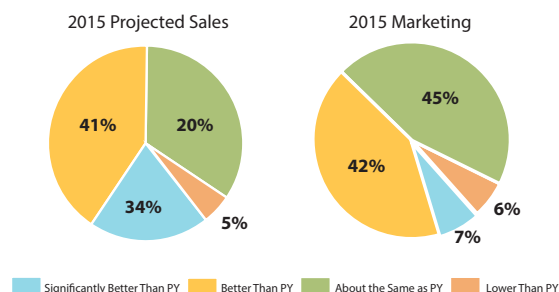
Figure 8 – 2014-2015 Marketing Budgets



Marketing Budgets vs. Sales Budgets

Comparing 2015 projected sales results to 2015 marketing budgets increases, 75% expected better sales results in 2015, but marketing budget increases were reported at only 51%. This suggests that the overall economic environment or sales productivity are bigger drivers for growth rather than increased marketing budgets. Assuming the conclusion, marketing practitioners should challenge themselves as to what investments and activities can help deliver improved sales results in good times and bad as well as what activities can help increase sales results faster than the market is growing. (Figure 9)

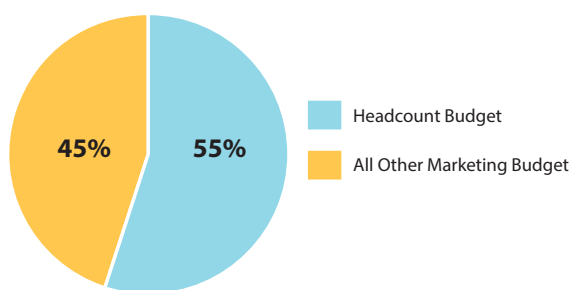
Figure 9 – Marketing vs. Sales Budgets



Marketing Budget Allocation

Respondents reported that marketing budgets are allocated approximately 45% to programs and 55% to headcount, which is in line with what B2B companies in other industries report. Readers will note that a later question identifies that a high proportion of marketing activities are performed in-house as opposed to being outsourced. We have observed that marketing organizations within and outside our industries are increasingly outsourcing marketing activities due to employer reluctance to add marketing headcount. As such, we expect the allocation to marketing headcount to shrink in the future as a percent of the overall marketing budget. (Figure 10)

Figure 10 – Marketing Budget Allocation



"The challenge for marketers will be how to increase marketing budgets in good economic conditions and bad. We believe that will only happen if marketers continue to focus on demonstrating ROI of their marketing investments."

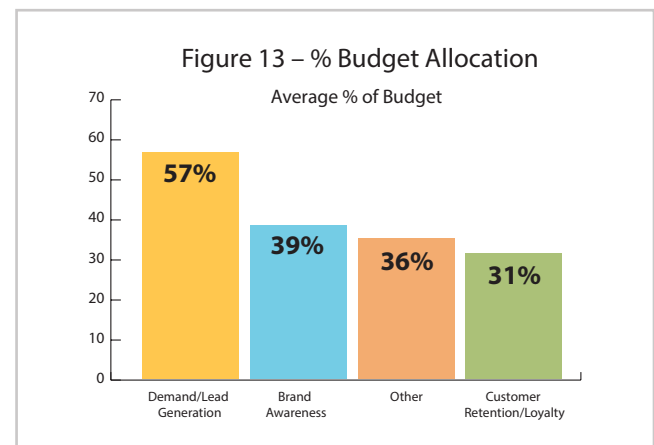
Within program (non-headcount) budgets, online and print advertising made up 34% of the budget, at 19% and 15% respectively. Interestingly, we hear that both types of advertising continue to be the most difficult to measure ROI. For most firms in our industries, lead generation from advertising, except for transactional sales (e.g., truckload brokerage), appears limited. (Figure 11)



Marketing Objective Budget Allocation

Marketing Activity Outsourcing

We asked if a select group of marketing activities were performed in-house or outsourced. Other than for Website and Creative Design, the majority of these activities are performed in-house. Companies we've spoken to appear to be moving toward increased outsourcing (or using vendors) for marketing activities. The reason for this trend is due to the difficulty in hiring experienced, well-rounded, affordable professionals that understand B2B marketing and our industries. (Figure 12)



Note: Percentages reflect the average contribution of the particular objective cited by the respondents. Not all objectives cited by all respondents.

ROI Marketing Tracking

The challenge of tracking Marketing ROI consistently ranks top of mind by TMSA members. The responses to this question provide insight as to why it is so challenging and how far we have to go.

The table below is sorted in descending manner by the marketing channel that respondents have only a basic ability to track ROI. For example, 59% of respondents said tracking print advertising ROI was at the basic level—not surprising due to the nature of the marketing channel. Respondents’ best ROI tracking was in Outbound

Telemarketing and Corporate Web Sites, with 26% indicating it was very good or best-in-class.

What is interesting about the results is how the marketing budget spend is allocated. From the Select Marketing Budget Allocation Detail section in this study, Online Advertising, Events, and Print Advertising make up almost 57% of the marketing program budget. Correspondingly, only 17% of respondents are very good in measuring Print Advertising marketing ROI, 18% are very good at measuring Trade Show and Conferences ROI, and 24% are very good, or best-in-class, at measuring online advertising ROI. (Figure 14)

Figure 14 – Marketing ROI Tracking

Answer Options	Basic	Good	Very Good	Best-In-Class
Other Content Marketing	65%	32%	3%	0%
White Papers	59%	31%	9%	0%
Print Advertising	59%	24%	17%	0%
Email Marketing	58%	24%	16%	2%
Sponsorships	51%	30%	18%	1%
Social Media	50%	32%	16%	2%
Trade Shows and Conferences	48%	33%	18%	0%
Customer Events	47%	33%	18%	3%
Corporate Website	42%	31%	20%	6%
Outbound Telemarketing	41%	33%	20%	6%
Online Advertising	39%	37%	17%	7%

“We found that approximately 75% of the respondents do not track key ROI metrics or track them mostly in a manual fashion.”

How Marketing Metrics Are Tracked

The challenge of measuring marketing ROI appears to correlate to how metrics are tracked. With almost 60% of marketing program budgets being allocated to Demand/Lead Generation, this question focused primarily on the connection to sales organization. We sorted the responses by those that are mostly tracked in an automated fashion.

We found that regardless of the metric, over a third of the metrics are not tracked or are tracked in a mostly manual fashion. The most surprising response is that over 43% of respondents don’t track dollar value of opportunities created or won from marketing leads. (Figure 15)

Figure 15 – How Marketing Metrics Are Tracked

Answer Options	Do Not Track/ Not Sure	Mostly Manual Tracking	Mostly Automated Tracking
# of Leads converted to sales opportunities	34%	38%	27%
# of Leads sales people follow up within a reasonable period of time.	36%	38%	25%
# of Leads given or assigned to sales people	33%	43%	23%
Dollar value of sales opportunities created from marketing leads	43%	37%	21%
# of inquiries or Leads generated from each marketing initiative	41%	41%	18%
Dollar value of sales opportunities won from marketing leads	44%	39%	17%

Summary

This year's study had a larger number of respondents — including freight brokers, freight forwarders, truckload and LTL carriers, 3PLs, warehouse providers, truck leasing firms, and expeditors.

This study allows transportation, logistics and supply chain business, and sales and marketing leaders the ability to benchmark on a confidential basis their own organization's sales and marketing metrics versus the industry. This insight will help organizations improve the execution of sales and marketing plans and identify how to invest for future growth.

The survey will continue to be published in summary form free to TMSA members and at a modest cost to non-TMSA members. Survey respondents receive a complimentary copy of the survey, and they will also receive analysis of additional questions and response analysis during TMSA educational events.

In closing, we look forward to helping push toward sales and marketing excellence not only for firms like yours but also for our industry as a whole.



About Sales Outcomes

Sales Outcomes is a global consulting and services firm based in Miami, Florida, that helps leading business-to-business companies accelerate performance through improved marketing and sales execution. The firm's partners and principals have extensive experience working with companies in Supply Chain, Logistics & Transportation, Hi-Tech, and Business Services.

Sales Outcomes developed the survey jointly with TMSA and then managed the survey execution, analysis, and authorship of the study.

About the Transportation Marketing & Sales Association

The Transportation Marketing and Sales Association (TMSA) provides knowledge, connections, recognition, and solutions to marketing, sales, and communications professionals in the transportation and logistics industries. Member companies include motor carriers, railroads, air carriers, ocean lines, 3PLs, OEMs, passenger transit organizations, media, and suppliers and account for more than \$300 billion in revenue each year. For more information, visit TMSAtoday.org.

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