The Year 2008 Survey: CEO Perspectives on the Current Status and Future Prospects of the European Third Party Logistics Industry

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ABSTRACT

During 2008 a survey was conducted of the CEOs of ten of the largest third-party logistics companies serving the European marketplace. This paper documents their responses to questions concerning such topics as the industry's dynamics, market opportunities, and problems. Attention is also given to a broad range of other topics of interest to the industry concerning such matters as industry branding efforts and barriers faced by European 3PLs in attempting to sell integrated supply chain management services. The industry's involvement in green/environmental sustainability activities was also examined. CEO estimates of future company and industry revenue growth rates are also highlighted. The implications of the findings to both users and providers of 3PL services are also examined.

INTRODUCTION

The European third party logistics (3PL) industry continues to change as a result of large-scale consolidations, the influx of private equity capital, the pressures to globalize service offerings, and market pressures on prices and margins. With the pace of change, management is constantly challenged to adapt their strategies to the “new” marketplace. That challenge has been intensified by the effects of the recent global economic slowdown.

This paper examines the results of a 2008 survey of the CEOs of ten of the largest 3PL service providers in Europe, and attempts to give insight into the provider side of the European 3PL industry. This is one of a series of annual surveys that initially began in 1994 in the North American 3PL marketplace. In 2004, recognizing of the increasing globalization of the 3PL industry, a decision was made to restructure the annual CEO surveys, and instead 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.

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 the authors 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.

The 2008 survey focused on a variety of issues including the key marketplace dynamics in the European 3PL industry, 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/environmental sustainability issues, the impact of significant fuel increases on the industry and its customer base, recent branding efforts of 3PL companies operating in Europe, and the barriers that exist within the European 3PL industry to developing and selling integrated supply chain management solutions to customers.

The CEO of each of the companies 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 10 companies was contacted, and the CEOs of all those companies agreed to participate, and subsequently completed the survey online. Exhibit 1 lists the companies that participated in the 2008 European 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.

RESULTS

Revenues and Profitability

The 2008 survey included several questions related to provider revenues and profits in Europe. Responses to those questions are summarized below.

Annual Provider Revenues. All ten of the companies involved in the survey provided annual revenue data, and during 2007 they averaged 1.887 billion Euros. Three of the companies reported annual revenues in excess of 2 billion Euros for the year, with the largest reporting annual revenues of more than 8.2 billion Euros**.**

The CEOs were also asked about their companies' success in meeting revenue growth projections during 2007, and the results were mixed. Three companies reported exceeding their revenue targets for the year, four said they met their targets, and four failed to meet their targets.

Company and Industry Profitability. The CEOs were next asked to categorize the profitability of their companies' European business units during 2007. Three CEOs indicated their companies were *very profitable*, four said *moderately profitable*, one *broke even*, and one reported being *unprofitable*. One CEO did not respond to that question.

The CEOs were also asked to summarize their views of the profitability of the 3PL industry in Europe during 2007, and nine responded to the question. Three said the industry was *very profitable*, four categorized the European 3PL industry as being *moderately profitable*, one estimated that the industry had *broken even* during the year, and one estimated that the industry had been *unprofitable.*.

Internal Revenue Growth versus Revenue Growth from Acquisitions. The structure of the European 3PL industry has changed significantly during the past several years due to a wave of mergers and acquisitions (M/A). While only four of the ten companies involved in this year's survey reported that they were actively involved in M/A activity during the past year, they collectively acquired three 3PLs, two transportation companies, one warehousing operation, and one freight forwarder.

Because many industry observers believe that industry consolidation will continue during the next several years, the CEOs were asked what percentage of company revenue growth they expected to come from internal sources versus acquisitions during the next three years. On average, the CEOs indicated that they expect 72% of their revenue growth to come from internal sources, with the balance, 28%, coming from acquisitions. Those numbers were nearly identical to those provided in the 2007 survey. Again, individual responses varied widely indicating quite different acquisition strategies within this group of companies.

In our 2007 survey we included many questions concerning the growing involvement of private equity companies in the European 3PL marketplace. This year's survey also included a few related questions. When asked if private equity companies were still having a significant impact on the European 3PL industry, eight of ten CEOs said "yes." A question that addressed the specific impact such companies were having on the marketplace elicited a variety of responses. They ranged from the market becoming more unpredictable and competitive to an observation that the 3PL sector was receiving an unprecedented amount of interest from the investment community. The re-branding that has accompanied several of the acquisitions was also mentioned, as was customer confusion about the "new" companies. It should also be noted that two respondents specifically mentioned CEVA, which had been assembled by Apollo, as a very formidable competitor in the marketplace.

Manufacturing Shifts Affecting European 3PLs

Due not only to rising manufacturing costs in China, but also substantial increases in international transportation rates caused by rising fuel costs, some European manufacturers that had established manufacturing operations in China for export to Europe are beginning to reduce their manufacturing base in China, and moving some manufacturing activities back to Eastern Europe. The CEOs were asked if any of their major manufacturing accounts had participated in that movement, and only 2 of 10 respondents (20%) said "yes."

Brand Management Initiatives of Participating Companies

As many 3PLs have grown through acquisitions in recent years, those acquisitions have led to some degree of "brand" confusion in the marketplace. Those surveyed were asked if their companies had taken any steps to build their brand recognition and brand value in the marketplace during the past several years, and eight of the ten CEOs said that they had. When asked to identify what those steps had been, the CEOs gave a wide variety of responses. One company re-branded itself last year, and adopted the colors and symbols of its parent company. That led to changes in their marketing programs and signage at its offices. Several respondents said their companies had launched more aggressive media campaigns aimed at getting more extensive press coverage for their companies. Others indicated that they had expanded their press release program, and focused on clearer messaging. One CEO reported that his company is now far more active in trade fairs, while another said that company participation in professional logistics associations had been increased as a means of generating greater industry visibility for the company.

Barriers to Developing and Selling Integrated Supply Chain Solutions

While the desire for integrated supply chain solutions is often discussed in the marketplace, many contend that it is difficult for 3PLs to actually deliver such solutions. In fact, eight of the ten CEOs agreed with that assertion. In response to those concerns, the survey asked the CEOs what they believed were the most important barriers 3PL companies must overcome to provide integrated logistics services to their customers. Their responses covered a wide range of issues. The most frequently mentioned barrier to delivering integrated services was IT systems limitations which was highlighted by five respondents. Two others mentioned the problems related to the use of alliance partners and subcontractors in delivering services to customers. Among the other barriers identified were the limited geographic reach of individual 3PLs, the silo organization structure still used by many 3PLs, staff limitations in terms of breadth of industry knowledge, and 3PLs selling beyond their capabilities.

Interestingly, only three of the ten CEOs indicated that they believed their companies had such problems in delivering integrated supply chain services to the European marketplace! The three CEOs who acknowledged problems in the area were asked what steps their companies had taken to promote further internal integration, and their responses focused on organizational changes and changes in account management processes.

The Impact of Recent Fuel Cost Increases in the 3PL Industry

At the time the 2008 survey was conducted, fuel prices had risen to record levels and those surveyed were asked a variety of questions concerning the impact of fuel cost increases on not only their companies but their customer base as well.

The European 3PL CEOs indicated a broad variety of impacts on their companies. Naturally, their operating costs rose dramatically and there was increased pressure on margins. Several reported friction with customers related to imposition of fuel surcharges on their accounts. Some customers were also reported to be more demanding with respect to having their 3PLs "help" them reduce the impact of the resulting cost increases on their organizations. Several respondents also noted an increased awareness within their organizations of the importance of energy efficiency.

Those surveyed were also asked what strategies had been used by their companies to minimize the impact of the fuel cost increases on their operations. A number of strategies were mentioned, including:

- improved resource planning
- investigation of alternative means of energy generation
- greater emphasis on operating efficiency
- increased focus on increasing vehicle utilization (cube and weight)
- greater emphasis on modelling operations—focus on route and load optimization
- increased use of cross docking to improve vehicle utilization
- more emphasis on driver training
- reduction of the number of vehicles on the road
- imposing fuel surcharges on their customers.

As might be expected, the fuel cost increases have not affected all 3PL customers to the same extent. In response to a question concerning which industry verticals have been most negatively by fuel cost increases, the CEOs identified several industries. Two each mentioned fast moving consumer goods, retail, high tech, automotive, electronics, and industries that relied heavily upon air transportation services.

The CEOs were also asked what steps, if any, their companies had taken to lessen the impact of the fuel increases on their customers. Again, they mentioned a variety of steps. These included:

- working with customers to ensure high vehicle utilization rates (cube and weight)
- helping them re-engineer their networks to reduce mileage driven
- assisting in their driver training efforts
- seeking carriers on the behalf of their customers who would guarantee rates for a specified time period
- helping them indentify alternative means of energy generation
- re-bidding routes with carriers on their behalf.

Green/Environmental Sustainability Issues in the 3PL Industry

During the past several years considerable attention has been devoted to green/ environmental sustainability issues, not only in the media, but also in board rooms across industries around the world. As a result, it was decided that a section of this year's European 3PL CEO survey would be devoted to the industry's involvement in such issues to date.

The survey not only investigated the extent to which the companies that participated in the survey were focusing on green/environmental sustainability issues, but also their reasons for doing so. Further, the survey investigated such related issues as organizational responsibilities for related programs, how important those issues have been in the 3PL sales process to date, and how important will they be in the future.

Formal Programs and Leadership. Nine of the ten companies (90%) that participated in the survey indicated that they have formal green/environmental sustainability programs in place. Most of the existing programs are rather new, with two being established in 2008, two in 2007, one in 2006, and two in 2003

Seven of the companies that have green/environmental sustainability programs also have formal corporate sustainability statements. It should be noted, however, that even if a 3PL reported that it did not have a formal green/environmental sustainability program, the company could still be actively involved in responding to environmental issues

Of the companies with formal programs, only three reported having established a management position to oversee company efforts in the area. Those position titles include Group Environmental Officer and Sustainability Senior Manager. One CEO noted that his company has a number of such positions, at the group level, and a Global Sustainability Manager within the contract logistics business unit. That company has also established a subsidiary that specializes in logistics environmental consulting.

Reasons for Establishing the Sustainability Programs. The CEOs were asked to identify the three most important reasons that their companies had established their sustainability programs, and their responses were weighted with three points being given for a "most important" response, two for a "second most important" response, and one point awarded for a "third most important" response. The weighted responses are shown in Table 1. By far, one factor, *A Corporate Desire to do the Right Thing*, which garnered 25 total weighted points and seven "most important" mentions, was the most important reason for establishing these programs. In second place, with 11 points was "Pressure from Customers," followed by *A Desire to Enhance the Company's Image*," with 10 points. Rounding out the "Top Five" reasons for establishing the programs were *Competitive Pressures* (7 points), and "Pressure from the Board of Directors," (6 points).

Steps Taken by 3PLs to Address Green/Environmental Sustainability Issues. The CEOS were asked to identify any steps that their companies had taken to support the green/environmental sustainability goals of their companies. Eight CEOs responded to the question, and their responses covered a broad range of activities. Several reported initial steps in establishing measurements for emissions, and attempts to define what their companies' carbon footprint was. Once those measurements have been made, the CEOs indicated that they would establish pilot programs in their organizations to reduce current emission levels. Three respondents mentioned new initiatives in recycling waste materials. Beyond that, numerous other initiatives were mentioned by a single CEO. These included:

- installing solar panels in their warehouses
- installing of more energy efficient lighting and motion sensors in their facilities
- purchasing of trucks with lower emission levels
- reducing the cruise speed of their trucks by 2 mph

- using windmills at distribution centers for electric power generation
- using bio-diesel fuel in their trucks
- purchasing electric vehicles and aerodynamic trailers
- experimenting with alternative fuels
- sharing vehicles across multiple customers

Partners in Sustainability Efforts. The CEOs were also asked who their companies worked with in pursuing green/environmental sustainability improvements. In response, 8 (80%) CEOs said their companies were working with suppliers on initiatives in this area, and 7 (70%) said they were working with customers toward similar improvements. Six (60%) reported working with consultants and 5 each (50%) were working with government agencies and trade associations on such matters. Among the other organizations that the 3PLs reported working with on sustainability issues were: trade associations 2 (20%), non-government organizations, and competitors 1 each (10%).

The Importance of Sustainability Issues in the Sales Process. We were interested in knowing what percentage of existing and potential 3PL customers in Europe raise green/environmental sustainability issues with the 3PLs in their contract discussions. In response to related questions, the CEOs indicated that among existing customers, the range was 2-70% with an average of 26%. In terms of potential customers, the reported range was 5-85% with the average being 32%. So, it is clear that there is customer interest in such issues, at least at the discussion stage**.**

The CEOs were also asked what are the major green/environmental sustainability issues most frequently emphasized by potential or existing customers in those meetings**.** Their questions tend to cluster in two areas. The first area concerned the current performance of the 3PL provider in dealing with green/environmental sustainability issues within its own organizations. The second addressed the potential assistance that the 3PL could give the customer in reaching the specific green/environmental sustainability goals. The assistance being sought by the customers was typically help in reducing the company’s carbon footprint, disposal of hazardous materials, assistance with recycling efforts, improvements in the performance of their vehicle fleets, and assistance in developing renewable energy sources, especially in their facilities.

While the degree of existing and potential customer interest in such topics is interesting, we also wanted to know how frequently green/environmental sustainability issues were a major determining factor in either getting new 3PL business or extending existing contracts. Interestingly, all ten CEOs said it happened *very infrequently*. Going one step further we asked what percentage of the existing 3PL contracts of the companies participating in the survey had green/environmental sustainability performance metrics in them, and the average response was 2.3%.Clearly, while there is considerable customer interest in discussing green/environmental sustainability issues with 3PLs in Europe, those issues are not yet playing a major role in the 3PL selection or retention process**.**

Success of Green/Environmental Sustainability Efforts to Date. The CEOs were asked to rate the success of their companies' efforts in this area to date in comparison to those of their most important 3PL competitors. In response, 3 CEOs (30%) said their companies were *more successful* in this area than their competitors, 6 (60%) said their *success was comparable* to that of their competitors, and one (10%) was *not sure*.

Short-Term Green/Environmental Sustainability Challenges for 3PLs. For a 3PL becoming and remaining green involves considerable corporate challenges and trade-offs. The 2008 survey asked those surveyed to rank order in terms of importance the three most important green/environmental sustainability challenges faced by their companies. Again, a first-place vote was awarded three points, a second-place vote two points, and a third-place vote one point. The results are summarized in Table 2**.**

As shown, *balancing green/environmental sustainability efforts with customer expectations for low priced 3PL services*, generated not only the highest number of total weighted points with 13, but also the highest number of first-place votes with 3. Six of the 10 CEOs included this challenge in their "Top 3." Tied for second-place with 12 total points each were *identifying appropriate environmental benchmarks/targets* and *establishing green/environmental sustainability priorities within the company.* In fourth place, with 9 total points was *developing an organizational sensitivity to sustainability issues*, and *generating accurate company information related to current environmental practices* place fifth with 8 points.

Importance of Green/Environmental Sustainability Issues Three Years from Now. The CEOs were asked how important they believed 3PL Provider "greenness" will be three years from now, and they were divided in their opinions. Three (30%) said they believed it would be *substantially more important,* 6 (60%) indicated that they thought it would be *marginally more important,* and 1 (10%) thought it would be *marginally less important*.

Current Status and Future Prospects of the Industry

Each year, the 3PL provider CEOs included in the annual European survey are asked a series of questions concerning their perceptions of the current status and future prospects of the 3PL industry in Europe. Specifically, they are asked to identify the most important 3PL industry dynamics, opportunities, and problems. They are also asked to indicate not only the most important developments that had occurred within their companies and within the European 3PL industry during the past year, but also to identify the major challenges facing their companies in the European 3PL marketplace.

<u>Industry Dynamics</u>. In the 2008 survey the CEOs were asked to identify, and rank order, the three most important industry dynamics that are driving the European marketplace for 3PL services. A first-place mention was given three points, a second-place mention two points, and a third-place mention one point. These points were used in calculating the total weighted points shown in Table 3.

As shown, *continuing downward pressure on pricing* ranked as the most important dynamic with 14 total weighted points and three first-place mentions. It was also ranked first in each of our four previous surveys. Ranking second was *increased participation of procurement managers in the 3PL selection process* with 13 points. *Increasing pressure to internationalize company service offerings* ranked third with 10 points. Rounding out the "Top 5" with 7 and 5 points respectively were *increasing customer expectations with respect to IT support* and *increased flow of private equity funds into the 3PL industry.*

<u>Industry Opportunities</u>**.** The CEOs were also asked to identify the three most significant opportunities available to European 3PL service providers at the time of the survey. While there was little consensus in this area, seven of the ten CEOs listed further expansion of international services as the first, second, or third most significant opportunity. Expansion opportunities in Eastern Europe, the Middle East, and developing countries were highlighted, as was the opportunity to support the moves of existing

clients into new geographies. Several respondents mentioned opportunities related to expansion of company services into new industry verticals. Among the other opportunities mentioned were: health care logistics, development of more market niche capabilities, cross-selling of services by 3PLs, expansion of 4PL and LLP services, and business that might be generated through improvements in the quality of services offered by 3PLs in the European market.

Industry Problems. The CEOs were also asked to identify the most significant problem facing 3PL service providers in Europe. In response, four of the respondents focused on price compression and margin problems, at least partially caused by the run-up in fuel prices. The same number mentioned staffing problems as the most important problem, with one referring to it as "the old favourite" in recognition of the chronic nature of the problem in the European 3PL industry. The remaining respondent said the most significant problem faced by 3PLs in the marketplace was achieving "operational consistency in the eyes of our customers."

The Most Significant Developments of the Past Year. The CEOs were also asked to identify what they believed were the most significant developments that had taken place within their companies and within the European 3PL industry during the previous year.

With respect to company developments, only one type of development was mentioned by more than one CEO. Two respondents cited major acquisitions made by their companies during the year. The other company developments highlighted were:

- extension of the company's geographic coverage
- expansion of the LLP model within the company
- success in managing growth
- internal integration activities
- launching new service offerings
- development of an industry specialization and focus
- continued margin improvements through cost reductions
- development of effective operations programs.

With respect to developments that had occurred in European 3PL industry during the previous year, for the fourth straight year the continuing 3PL consolidation movement clearly dominated CEO thinking. Five of the nine CEOs who responded to the question cited various aspects of 3PL mergers and acquisitions as the most significant development of the previous year. Among the M/A related developments they identified were the problems some "big players" were having integrating their acquisitions, acquisition of both clients and 3PLs by wealth funds, and the related consolidation of the industry in Europe. Other important industry developments cited by the CEOs included the maturing of the industry's LLP offerings, continued pricing pressure from customers, and fuel cost increases.

Major Changes Expected During the Next Three Years. Those surveyed were also asked what major changes they expected to take place in the European 3PL industry during the next three years. Not surprisingly, for the fifth consecutive year the continued consolidation of the European 3PL industry was the most frequently mentioned change, with four CEOs listing it. Two others mentioned continued expansion of European 3PLs into Eastern Europe, and the same number expect the industry's ability to offer "end-to-end" solutions to improve over the next three years. Among the other likely changes mentioned by the CEOs were a continuation of the human resource shortage problem within the industry, the emergence of more sophisticated IT solutions for customers, a continuation of aggressive price competition within the industry, and continued financial stress for transport-based providers.

Estimated Revenue Growth Rates

Each year the CEOs are also asked to estimate annual company and industry revenue growth rates for the next year and the next three years. As shown in Table 4, the average one-year company revenue growth projection was 10.8% (12.5%, 15%, and 15.5% in our 2007, 2006 and 2005 surveys respectively) and the average for the three-year period was 10.0% (15.1%, and 17% in the last three surveys).

As shown in Table 5, the industry projections were substantially lower in both instances, with the one-year industry projection averaging 7.3% and the three-year projection averaging 6.3%. In the last three surveys the one-year industry growth rate had been projected at 7.5%, 9.0%, and 9.7% respectively. Similarly, the three-year annual growth rate had been projected at 9.7%, 9.0%, and 8.7% in the three previous years.

SUMMARY AND IMPLICATIONS

Summary

The 2008 survey focused on the CEOs of some of the largest 3PL service providers serving the European market for logistics services. Collectively, the companies involved in this survey generated European logistics revenues of nearly 19 billion Euros in 2007. Only six of the ten participating companies reported at least meeting their revenue growth projections during that year, but only one of the companies reported that they were unprofitable during 2007. On average, these companies expect slightly more than one-quarter of their revenue growth over the next three years to come from acquisitions.

The CEOs included in our 2008 survey were very optimistic with respect to the revenue growth prospects of their companies over the next three years. Their average one-year company revenue growth projection was 10.8%, and on average they projected their revenues to grow at an annual growth rate of 10.0% over the next three-year period. Their revenue growth projections for the entire European 3PL industry were much more modest, averaging 7.3% for the one-year period and 6.3% for the three-year period. It should be noted that all these figures are lower than the projections generated in the 2007 survey. More importantly, these projections were made in the early summer of 2008, well before the global economic downturn was evident.

While only four of the ten companies included in the 2008 survey were involved in significant merger or acquisition activity during 2007, the group generally believed that the 3PL consolidation movement would continue in Europe. However, that may also be tempered by the current turmoil in the world financial markets.

As a group, the companies that participated in this survey have made major commitments to green/environmental sustainability programs. Their involvement has often been triggered by a corporate desire to do the right thing, but pressure from customers has reinforced the movement. While prospective and existing customers often bring such issues into contract discussions with European 3PLs, those issues, to date, are not major factors in determining which 3PL gets the business.

According to the CEOs, for the fifth consecutive year, the most important European third party logistics industry dynamics include *continuing downward pressure* *on pricing*. That was followed by *growing role of procurement in the 3PL selection process,* and *increasing pressure to internationalize company service offerings*.

The respondents identified the most important industry opportunity as *further expansion of international services*, with specific attention being paid to Eastern Europe, the Middle East and developing countries. They believe that many of the related opportunities involve supporting existing customers as they move into new geographies.

The CEOs once again identified *price compression* and *continuing talent shortage* as the most important problems facing the European 3PL industry. Looking forward, the CEOs, for the fifth consecutive year, identified the continued consolidation of the European 3PL industry as the major change they expect over the next three years.

Implications

The European 3PL industry is likely to get "greener" over the next several years, but large-scale green/environmental sustainability projects will likely be tabled until an economic recovery occurs. Those projects would be difficult to sell internally in the capital budgeting process as the financial picture of the industry changes.

Throughout this process these companies must continue to address the chronic problems it faces with respect to human resources and a viable pricing structure. In the short-term these problems may worsen as possible recruits worry about the industry's future, and customers, faced with their own economic challenges, resist any pricing changes. The development of collaborative relationships with key customers would seem to be a major priority, but one that might be difficult to achieve in the current marketplace.

EXHIBIT 1
Third Party Logistics Companies Included in the 2007 European 3PL Industry CEO Survey

Caterpillar Logistics Services
Ceva
DHL Exel Supply Chain
Kuehne + Nagel Logistics, Inc.
Menlo Logistics
Penske Logistics
Ryder
Schneider Logistics
UPS Supply Chain Solutions
Wincanton

TABLE 1
The Three Most Important Reasons for Establishing Green/Environmental Sustainability Programs

Reason	# of CEOs Ranking It #1	# of CEOs Ranking It #2	# of CEOs Ranking It #2	Total Weighted Points
Corporate desire to do the right thing	7	1	1	25
Pressure from customers		5	1	11
Desire to enhance company image		3	2	10
Competitive pressures	1	1	2	7
Desire to attract "green" customers		1	3	5

TABLE 2
The Top 3 Short-Term Challenges Faced by North American 3PLs Related to Green/Environmental Sustainability Issues

Challenge	#of CEOs Ranking It #1	# of CEOs Ranking It #2	# of CEOs Ranking It #3	Total Weighted Points
Balancing green efforts with customer expectations for low 3PL prices	3	1	2	13
Identifying appropriate environmental benchmarks/targets	2	2	2	12
Establishing green priorities within the company	1	4	1	12
Developing organizational sensitivity to these issues	2	1	1	9
Generating accurate company information concerning current environmental practices	1	2	1	8

TABLE 3
CEO Perception of the Three Most Important European Industry Dynamics, 2008

Industry Dynamic	# of CEOs Ranking It #1, 2008	# of CEOs Ranking It #2 2008	# of CEOs Ranking It #3 2008	Total Weighted Points 2008
Continuing downward pressure on pricing	4	1		14
Growing role of procurement in 3PL selection process	1	4	2	13
Increased pressure to internationalize	2	3		10
Growing customer expectations with respect to IT support		2	3	7
Increased flow of private equity funds into the 3PL industry		2	1	5

TABLE 4 2008 European 3PL CEO Survey, One and Three-Year Revenue Growth Projections for Their Companies, and Comparisons with 2006 Projections			
One Year Company 2008 Projection	**One Year Company 2007 Projection**	**Three Year Company 2008 Projection**	**Three Year Company 2007 Projection**
10.8%	12.5%	10.0%	15.1%
Range—4-30%		Range—6-40%	

TABLE 5 2008 European 3PL CEO Survey, One and Three-Year Revenue Growth Projections for the European 3PL Industry, and Comparisons with 2006 Projections			
One Year Industry 2008 Projection	**One Year Industry 2007 Projection**	**Three Year Industry 2008 Projection**	**Three Year Industry 2007 Projection**
7.3%	7.5%	6.5%	9.7%
Range—5-12%		Range—5-25%	