



HDMA Business Benchmarks Report Summer 2018

Richard Anderson

Market Research Director, HDMA

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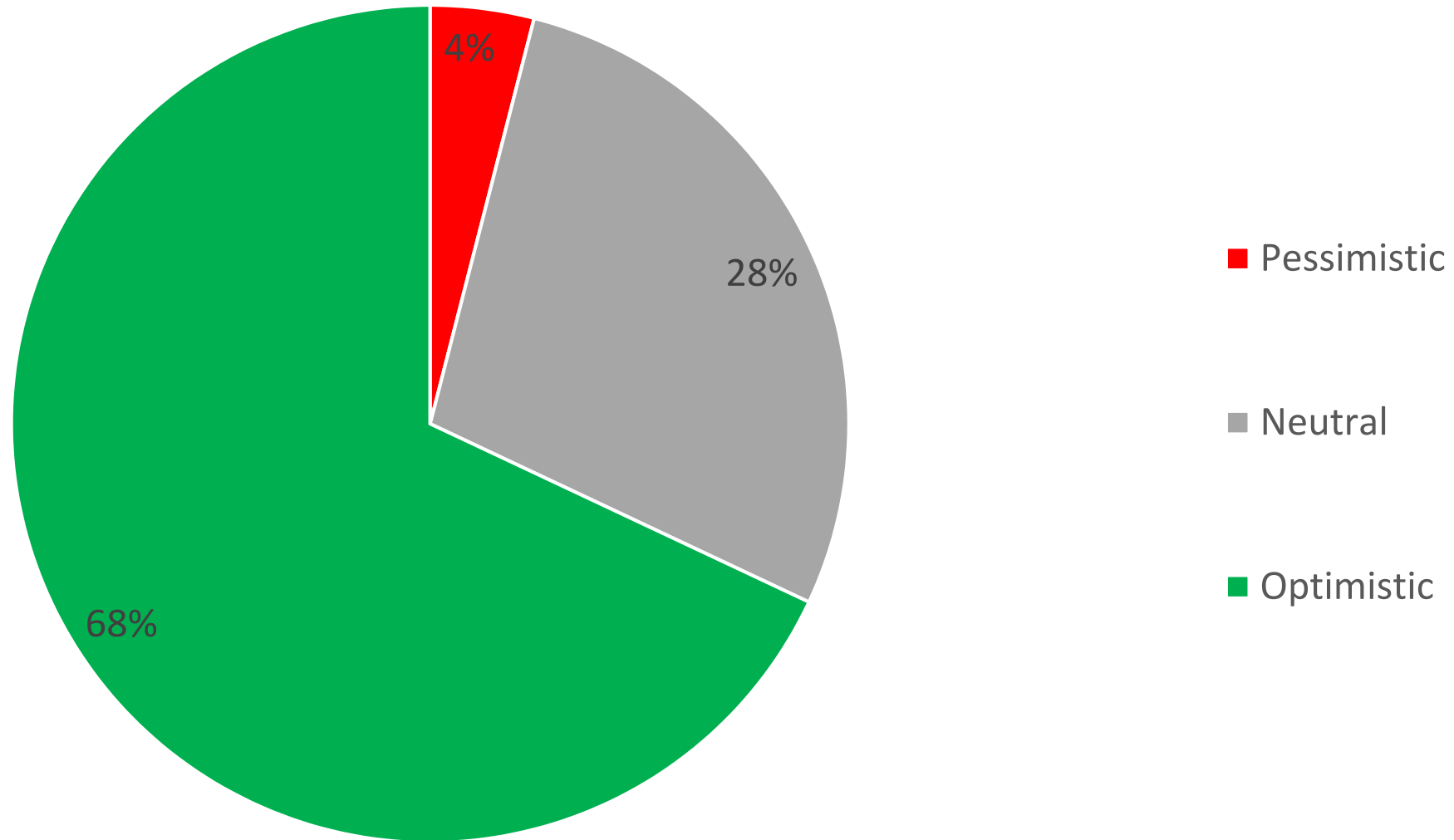
Overview

Notes

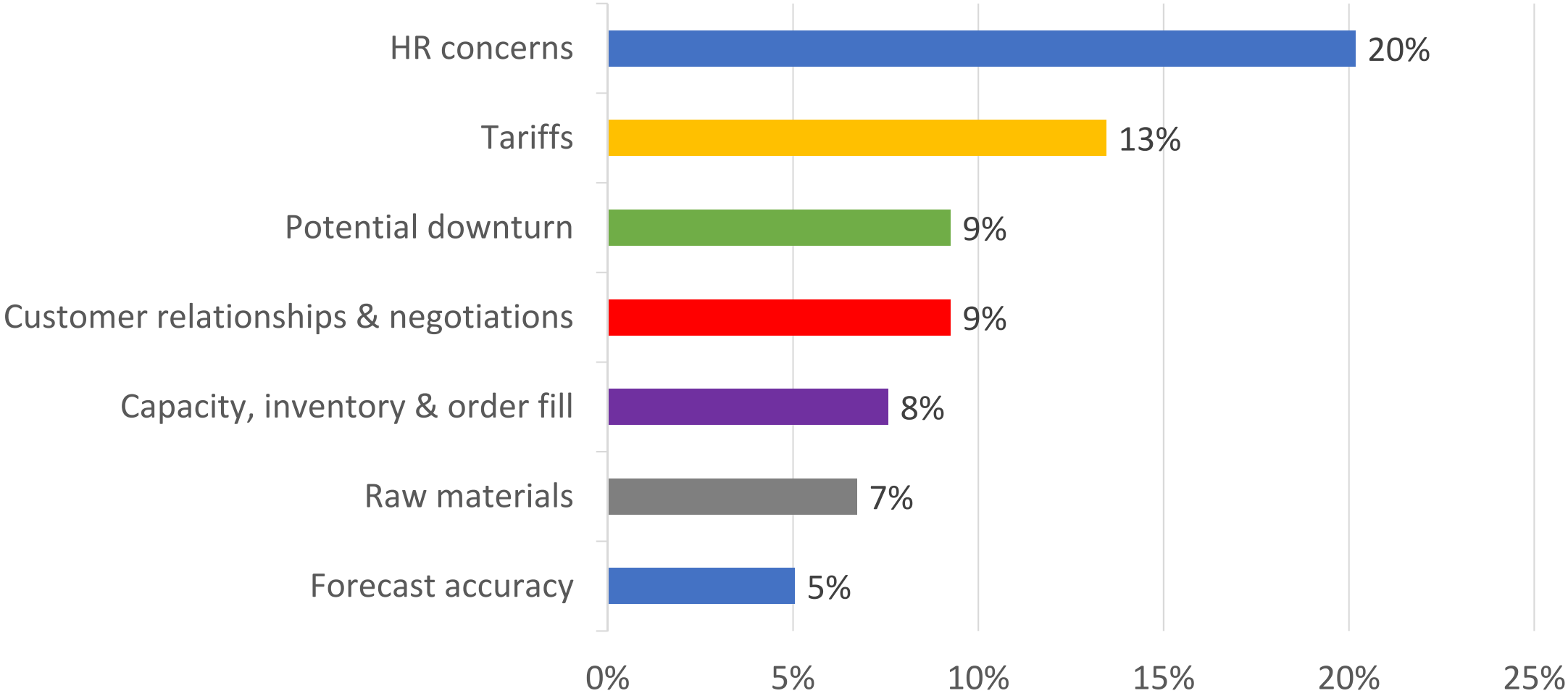
- The HDMA Business Benchmarks Report is based on survey data collected from HDMA members during the last two weeks of July, 2018.
- 75 individuals responded in total representing 49 unique corporate entities
 - The large spread between individuals and corporate entities is a result of the survey structure requiring multiple areas of expertise to complete



Overall, your 2019 outlook is:



What are the three greatest challenges you face as you plan and prepare for 2019?



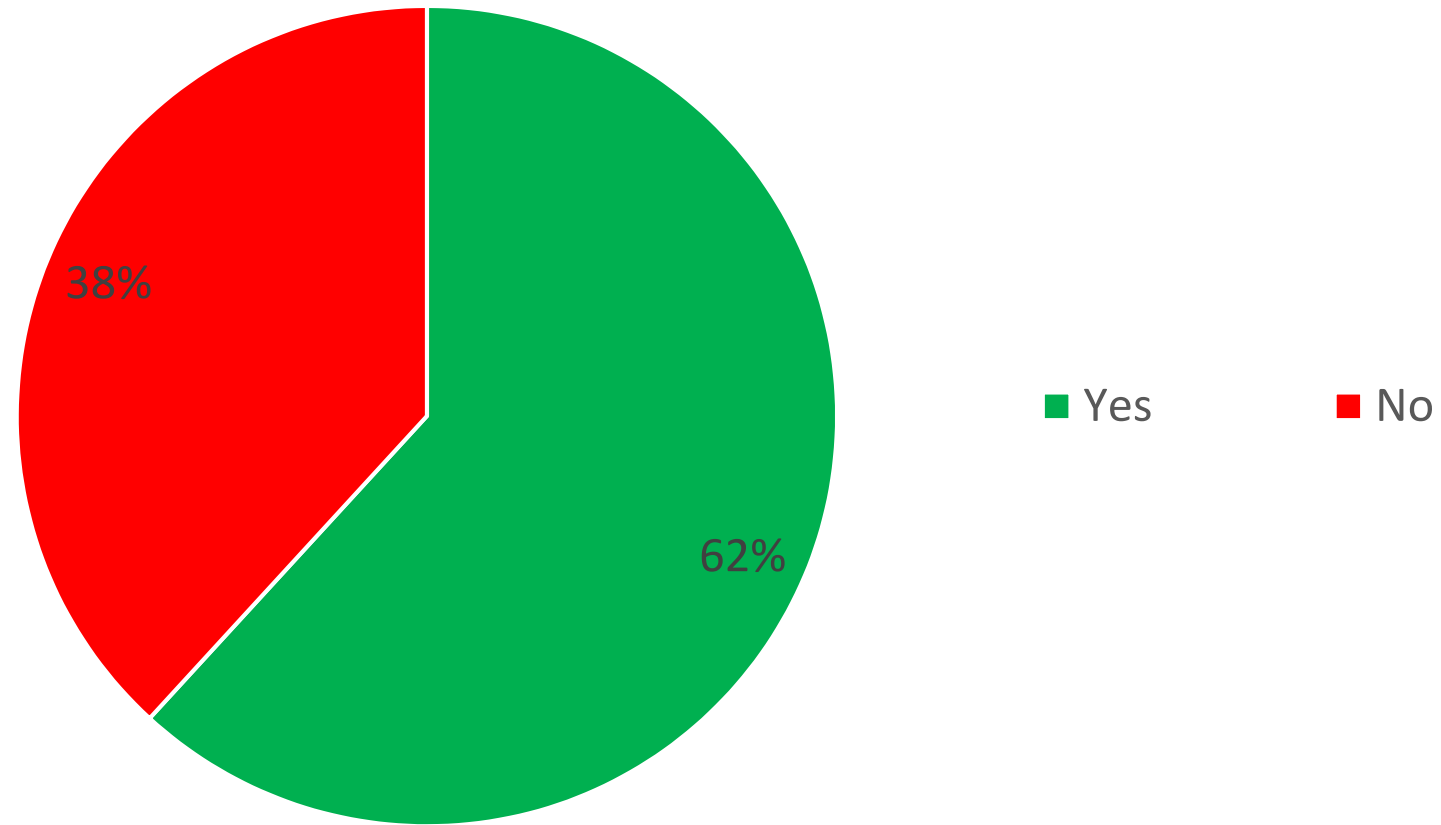
Categorized summary of 119 challenges submitted
Individual response text found in the Appendix





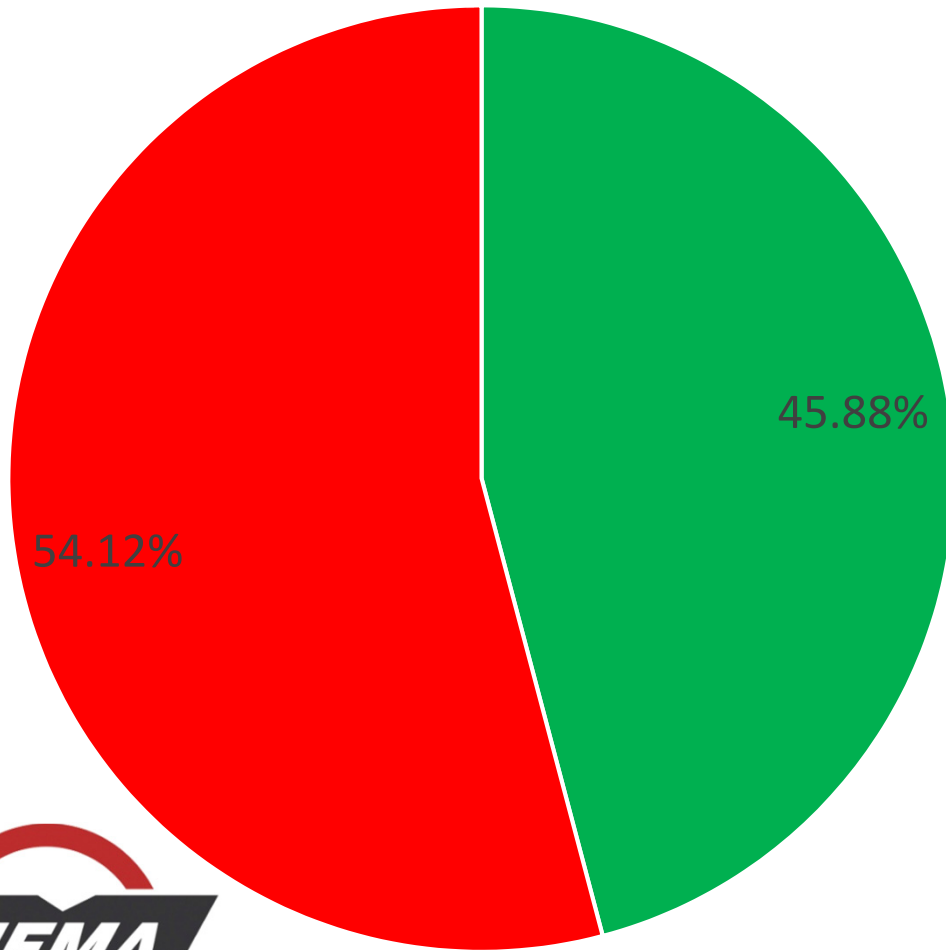
Sales and Marketing

Is fleet pull-through an important part of your selling process?

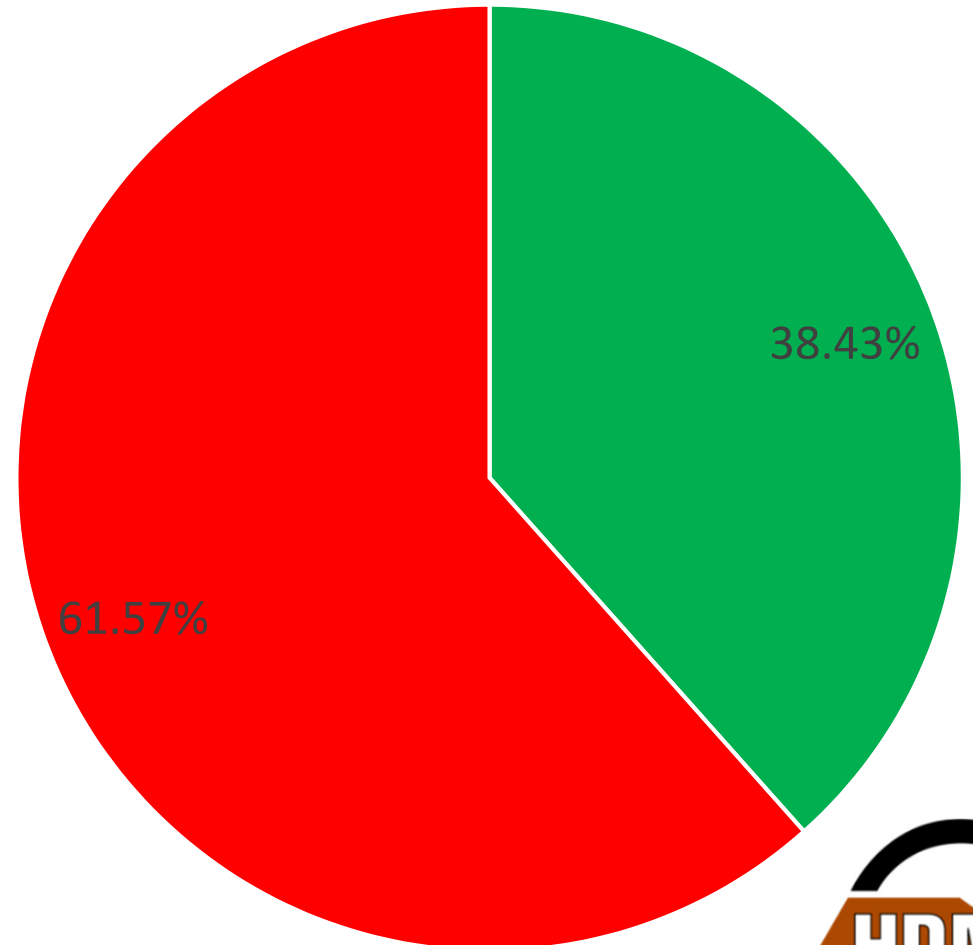


What percent of your spend is:

Marketing



Sales

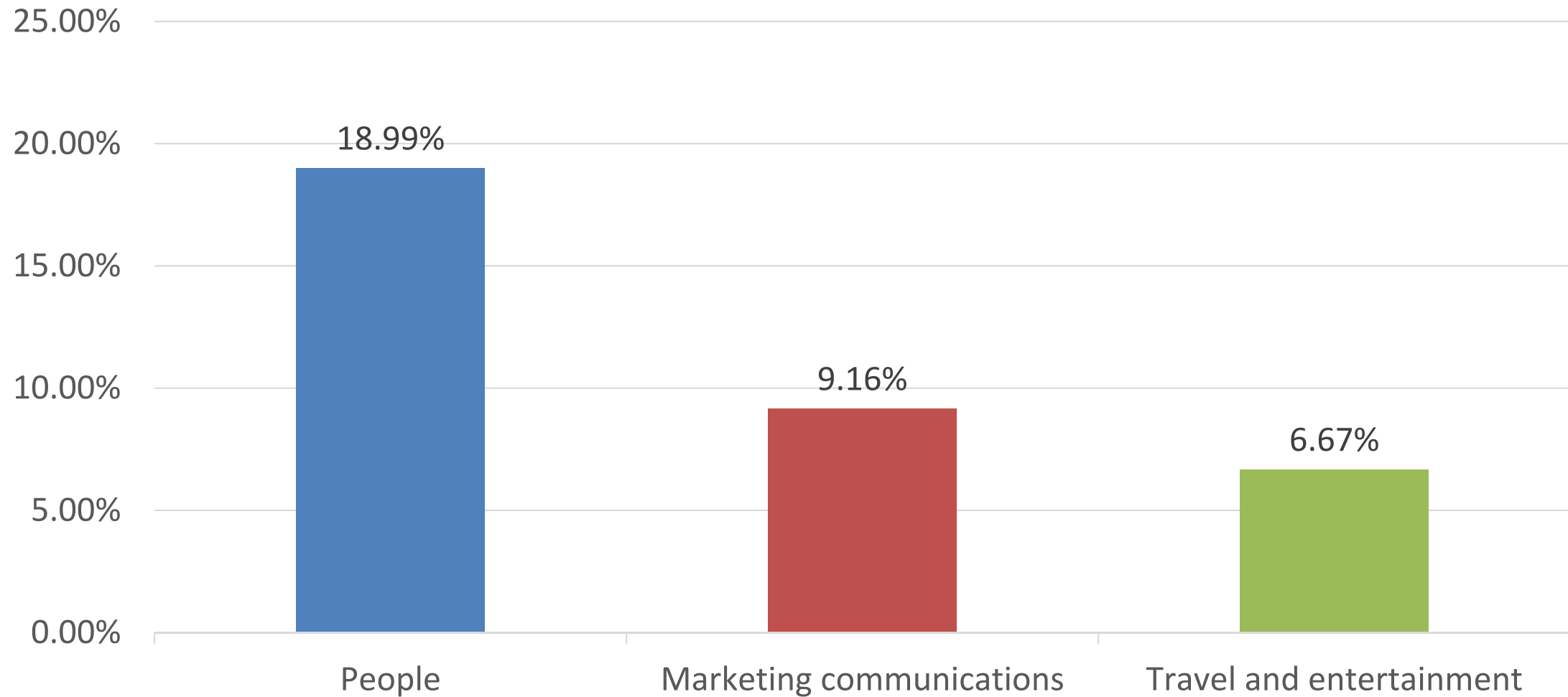


■ Pull

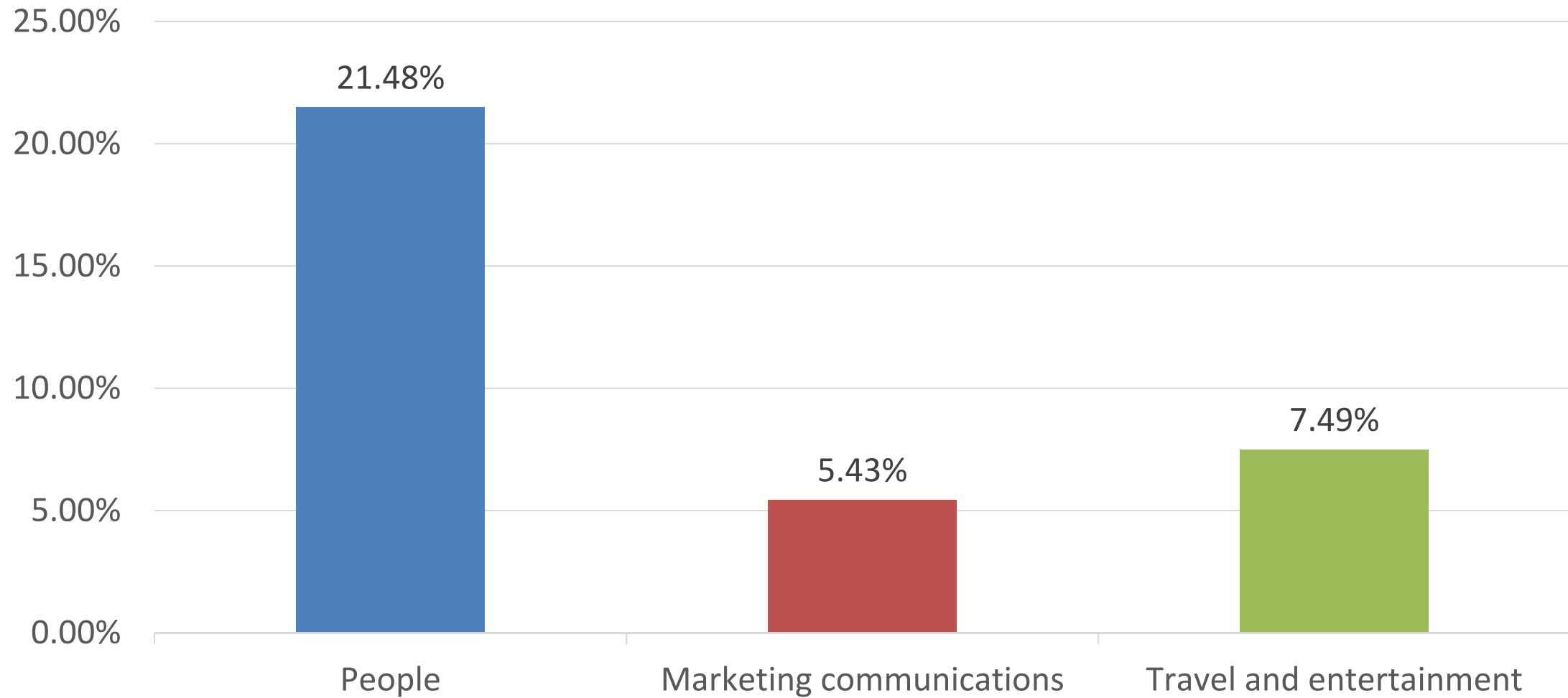
■ Push



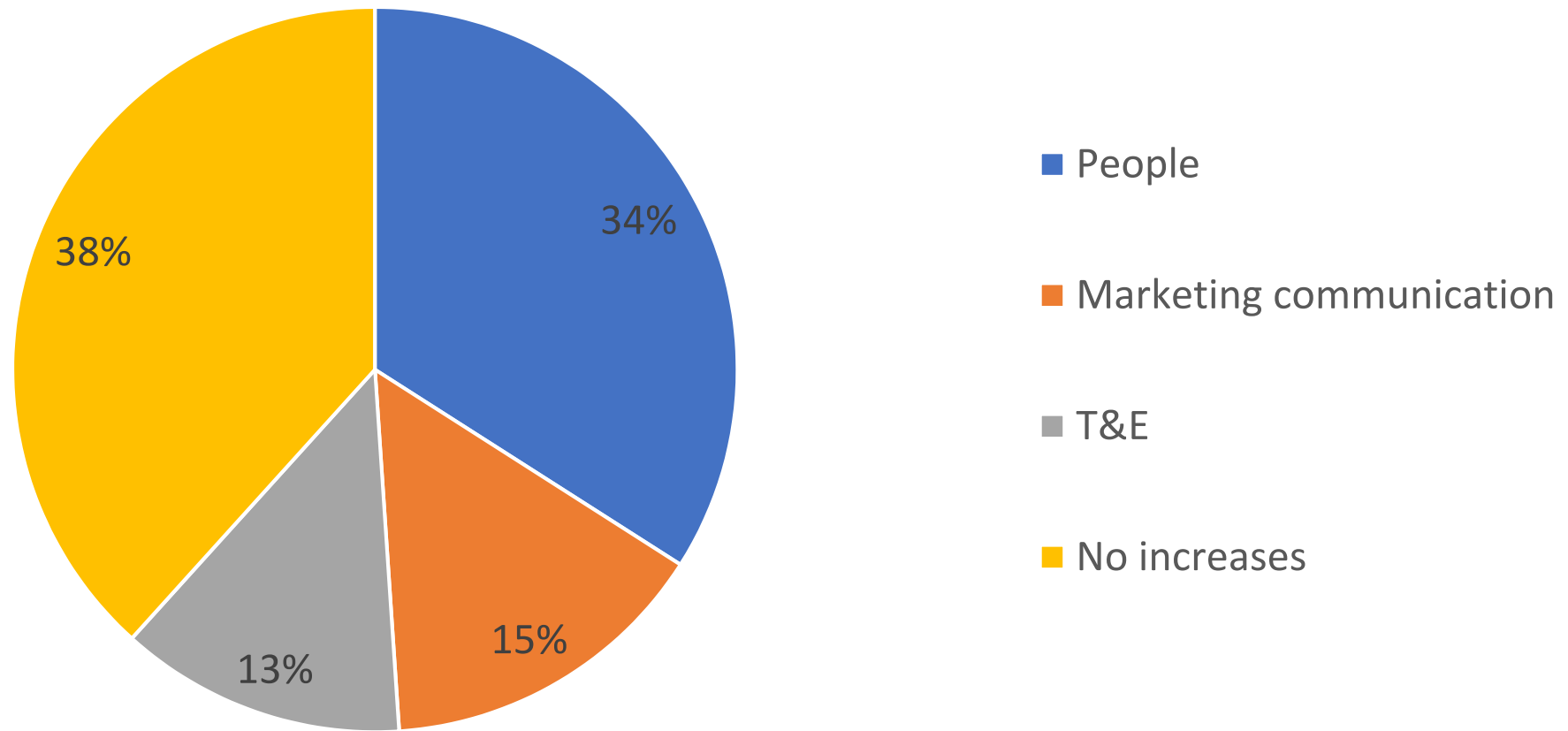
For your 2018 marketing budget, what were your selling, administrative and general expense (SG&A?) as a percent of revenue?



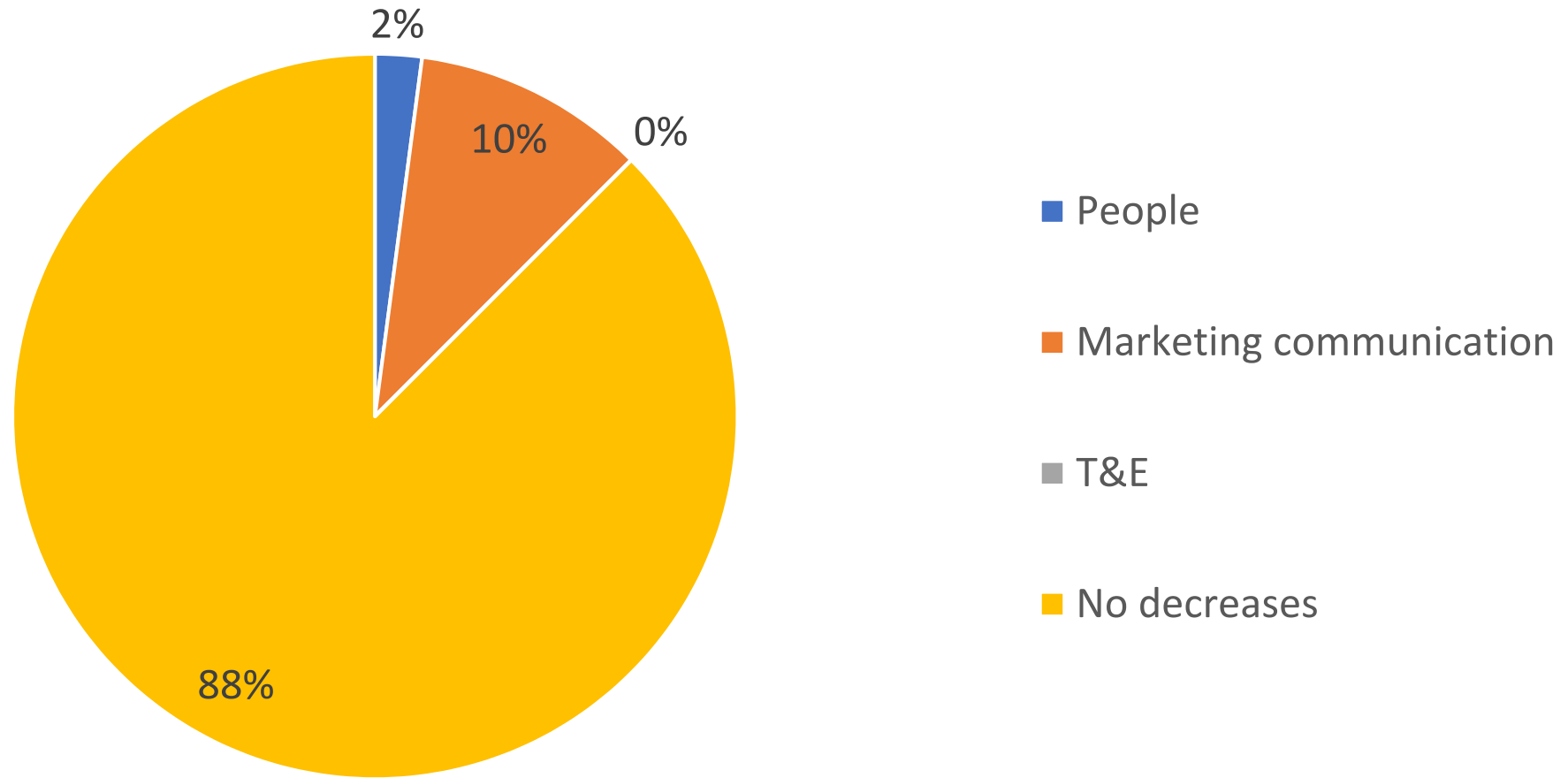
For your 2018 sales budget, what were your selling, administrative and general expense (SG&A?) as a percent of revenue?



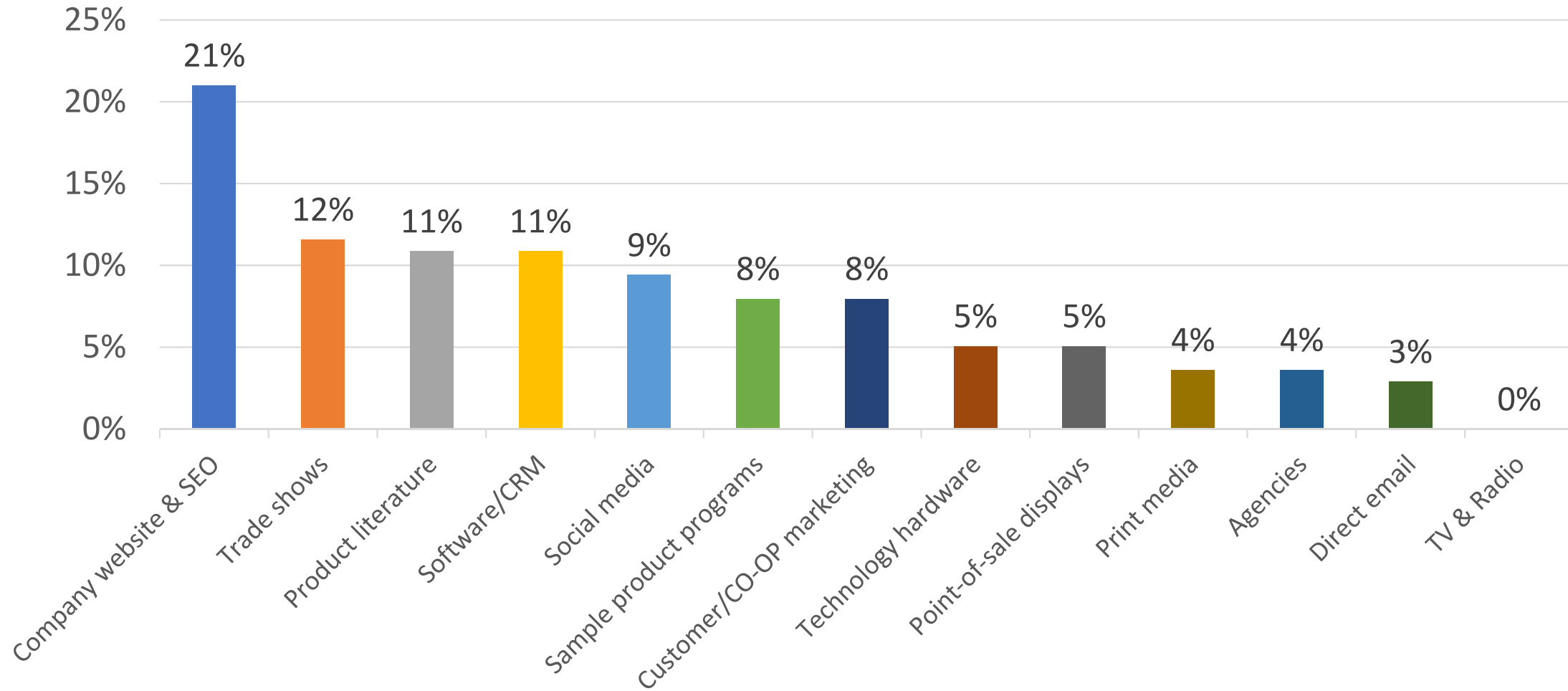
For 2019, which item will experience the largest increase in spending?



For 2019, which item will experience the largest decrease in spending?



Please select the three (3) areas of your company's 2019 marketing plan that you project will see the largest relative increase in budget (percent growth over last year):

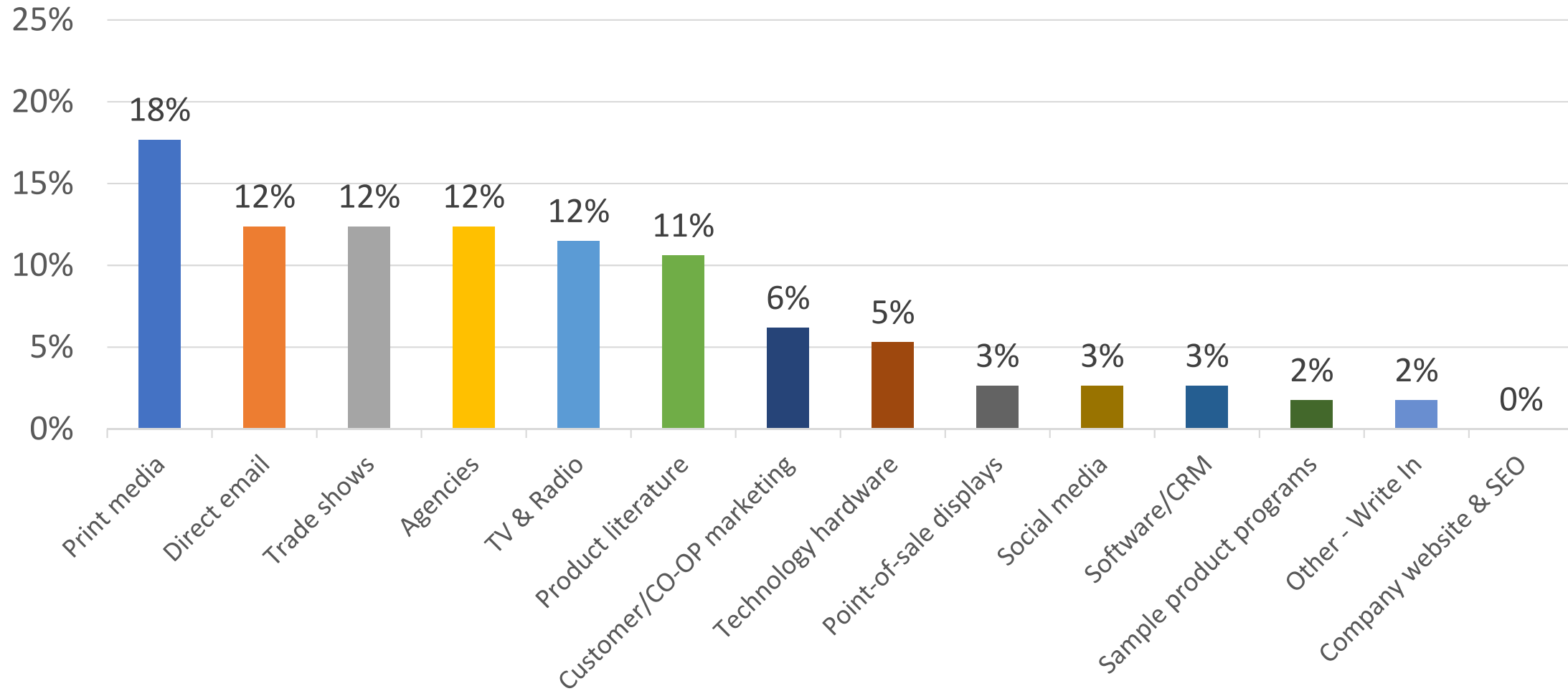


What will drive your budgetary increases for 2019?

- 2018 success and future growth plan.
- Acquisition / merger activities.
- Added staff
- Continued revenue growth
- Demand
- Drive to technology
- Efficiency
- Expected ROI
- Focus on improving e-commerce capability (being easier to do business with our customers)
- Gained/acquired new business Regulations - Prop 65
- Greater emphasis on end user pull through.
- Increase profitability on current sales. Meeting the top line in this environment is easy, doing it profitably is the challenge.
- Introducing new technology
- Launch of new product/program
- Needed sales growth
- New customers
- new customers, increased product line
- New product intros demand extra funding
- New product launches and higher focus on pull
- new shows and customers
- Revenue Increase
- Revenue, demand and competition
- Sales increases (3)
- SEO
- Strategic initiatives towards profitable growth



Please select the three (3) areas of your company's 2019 marketing plan that you project will see the largest relative decrease in budget (percent growth over last year):



Other: No decrease

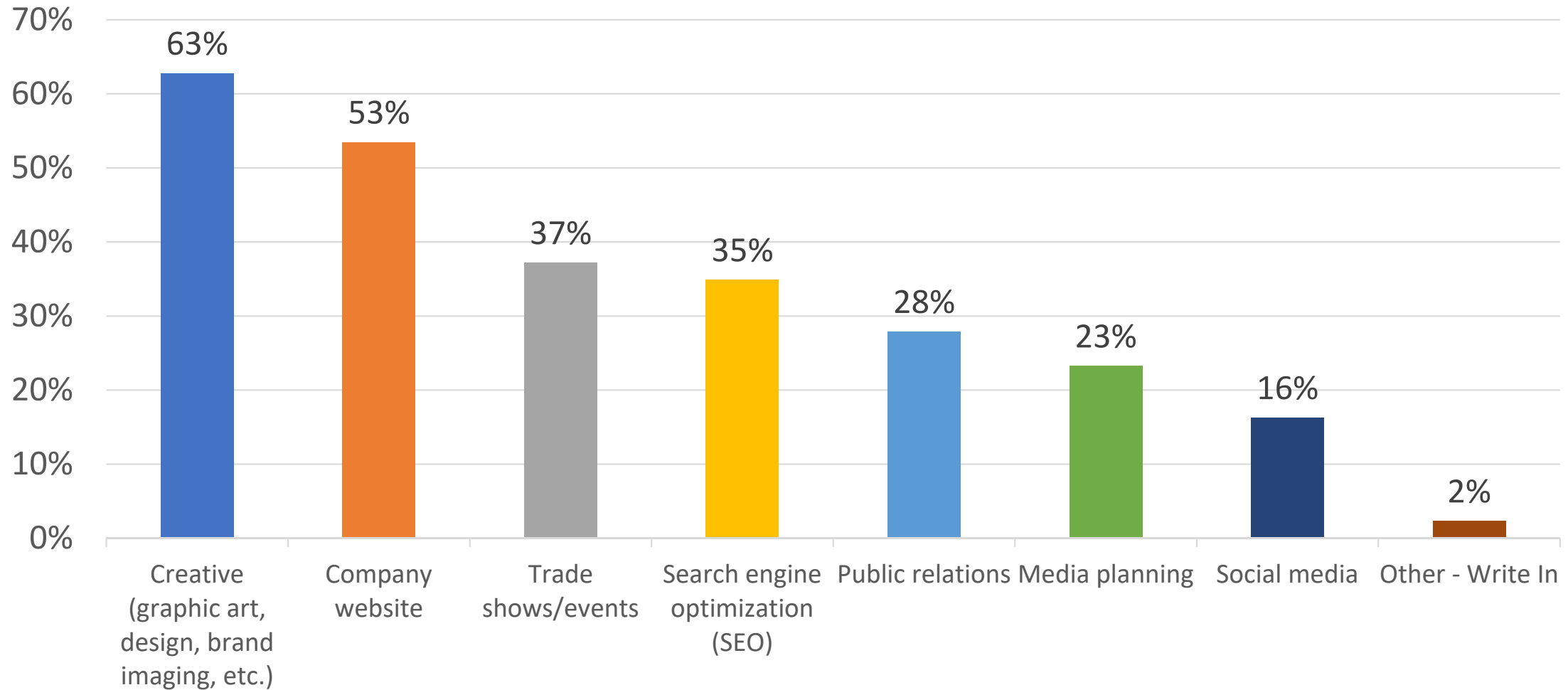


What will drive your budgetary decreases for 2019?

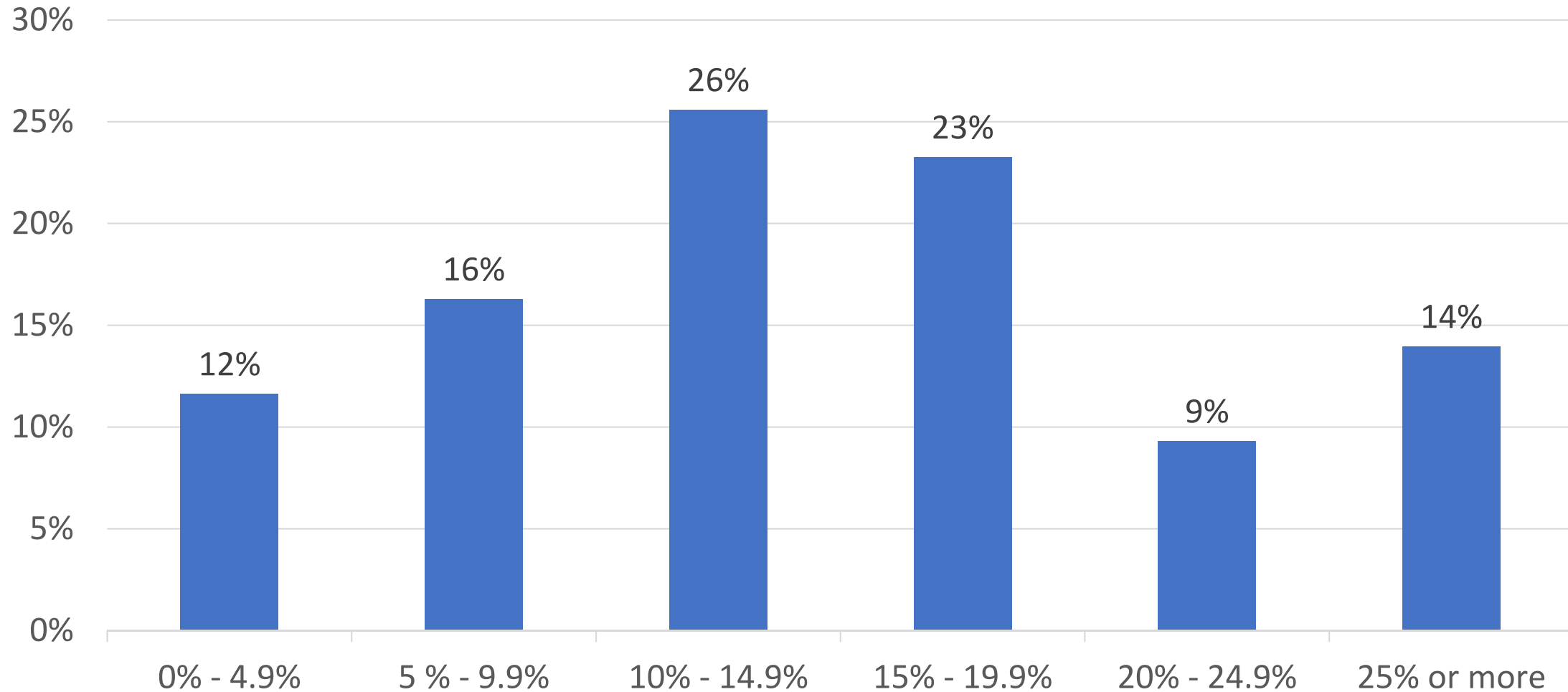
- Better forecasting
- Budget will float with revenue
- Digital availability of materials and audiences in lieu of in-person and hard copy materials.
- Drive to technology
- Extraneous marketing programs
- Fewer trade shows overall for the year-looking to re-balance trade show effectiveness.
- Focus on segment specific growth
- Focusing on targeted customers and spending on attracting and keeping those specific customers.
- Greater focus on competitive differentiation through strengthening of R&D budget.
- Less point-of-sale
- Market performance.
- More online marketing
- Move to more digital technology
- Need to digest all new business that has been achieved.
- No plan to decrease (2)
- Non-value add programs
- Reduce eliminate paper literature wherever possible. to online and print-to-pdf
- Re-evaluating trade show effectiveness.
- Revenue decrease
- Savings
- Selective spending on what provides more value for profitable sales



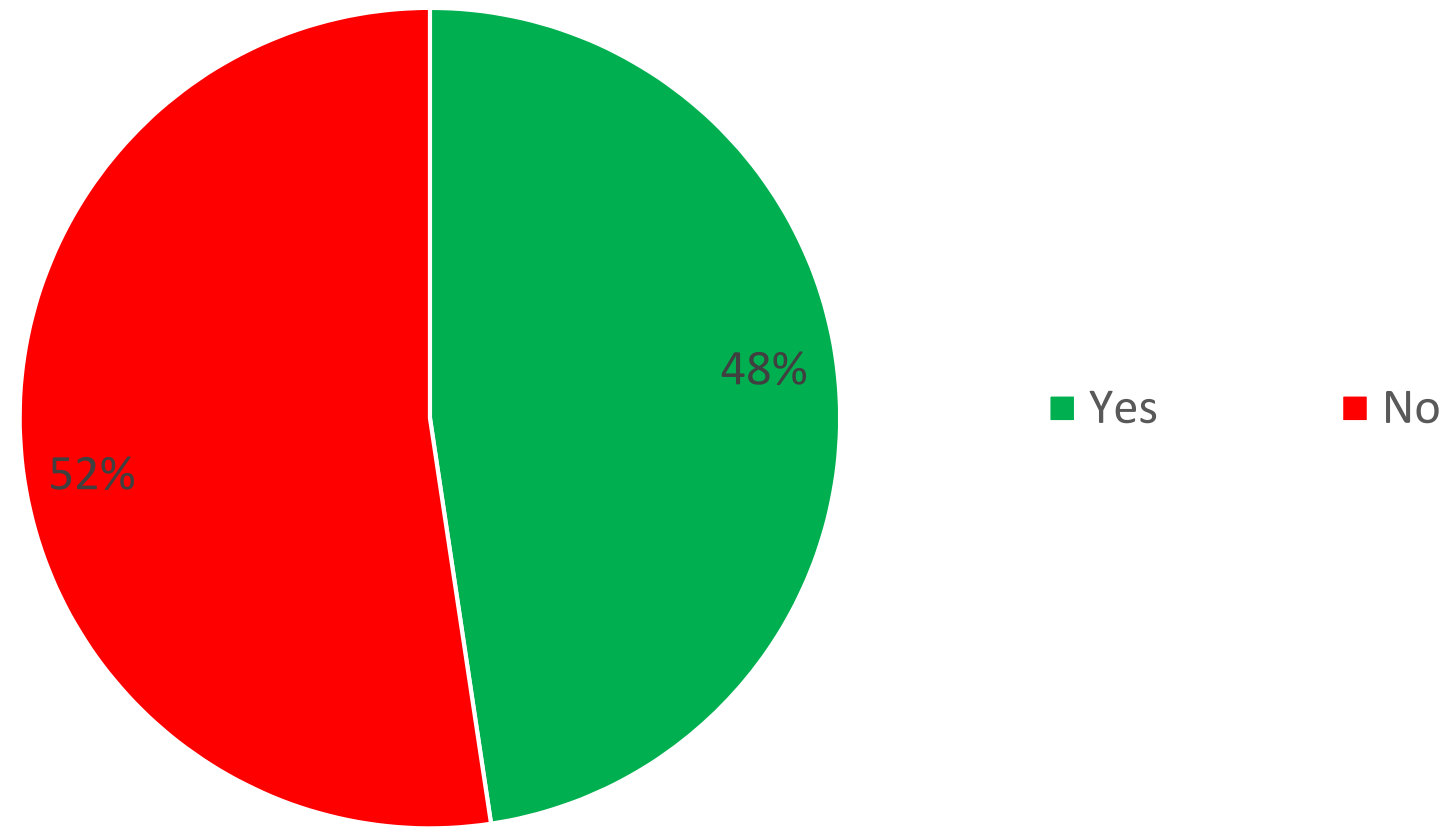
Do you outsource or use agencies for any of the following:



In 2018, what was the average bonus base level for members of your sales force?



In 2018, did your sales force have the opportunity to earn a super bonus for other levels of performance?



What is the single most significant driver of the changes you are making to your sales and marketing plan for 2019?

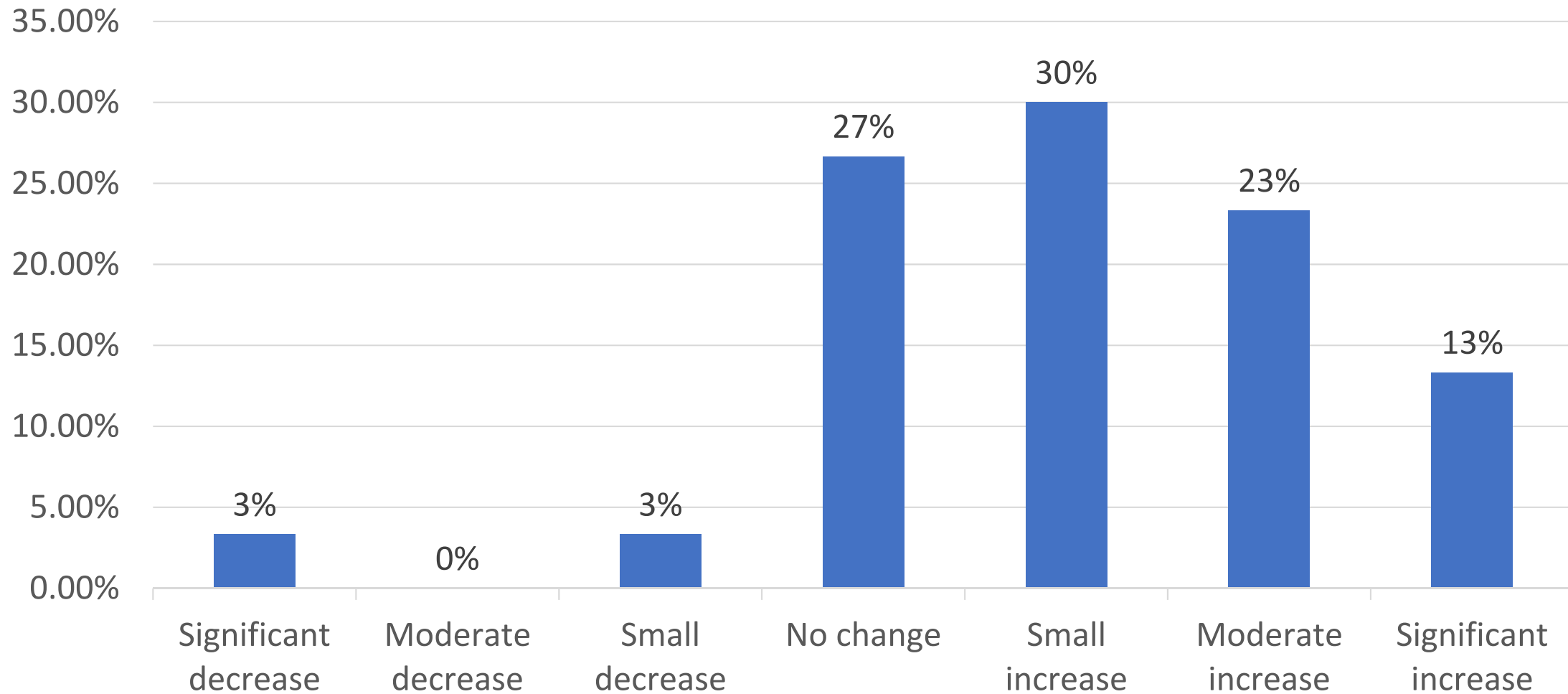
- Boost organic growth
- Canceling outside pre-marketing agency contract.
- Changing from a shotgun approach to a more specific targeted approach. Driven by limited resources and a challenge to increase profitability.
- Consolidation of tool & equipment distribution channel
- Developing products/programs where "one size" does not fit all.
- Diversification of customer base.
- Driving price increases due to higher labor and material costs.
- Focus on SEO
- Focus on significant growth within 2 product lines
- Global growth initiatives
- Greater focus on inside sales.
- Greater focus on new sales and Asia
- Growth plan
- Increased focus on technology
- Increased internal communication between sales and marketing
- Increased revenue to build in-house marketing department
- Increasing Distribution Opportunities and channel
- Largest sales trainee class in several years
- Leveraging service, support and segment specific solutions. More career path levels Higher salaries for sales force
- More customer face time and more point of sale marketing materials
- Moving away from traditional media and associated agency fees
- Need to be easy to do business with. Need to support customers after the sale.
- New business/customer incentives
- New products driving additional sales & marketing expenses (3)
- Our evolving product line needs to be promoted in different ways.
- People (2)
- Profitable growth
- Sales revenue target
- Targeting of fleets
- Tariff and general economy environment
- Training on new products gained as the result of acquisitions.





Business Technology and CRM

Compared to 2018, what do you anticipate your spending on business technology both internal (CRM, EMS, etc.) and customer facing (website, social media, etc.) will be in 2019?

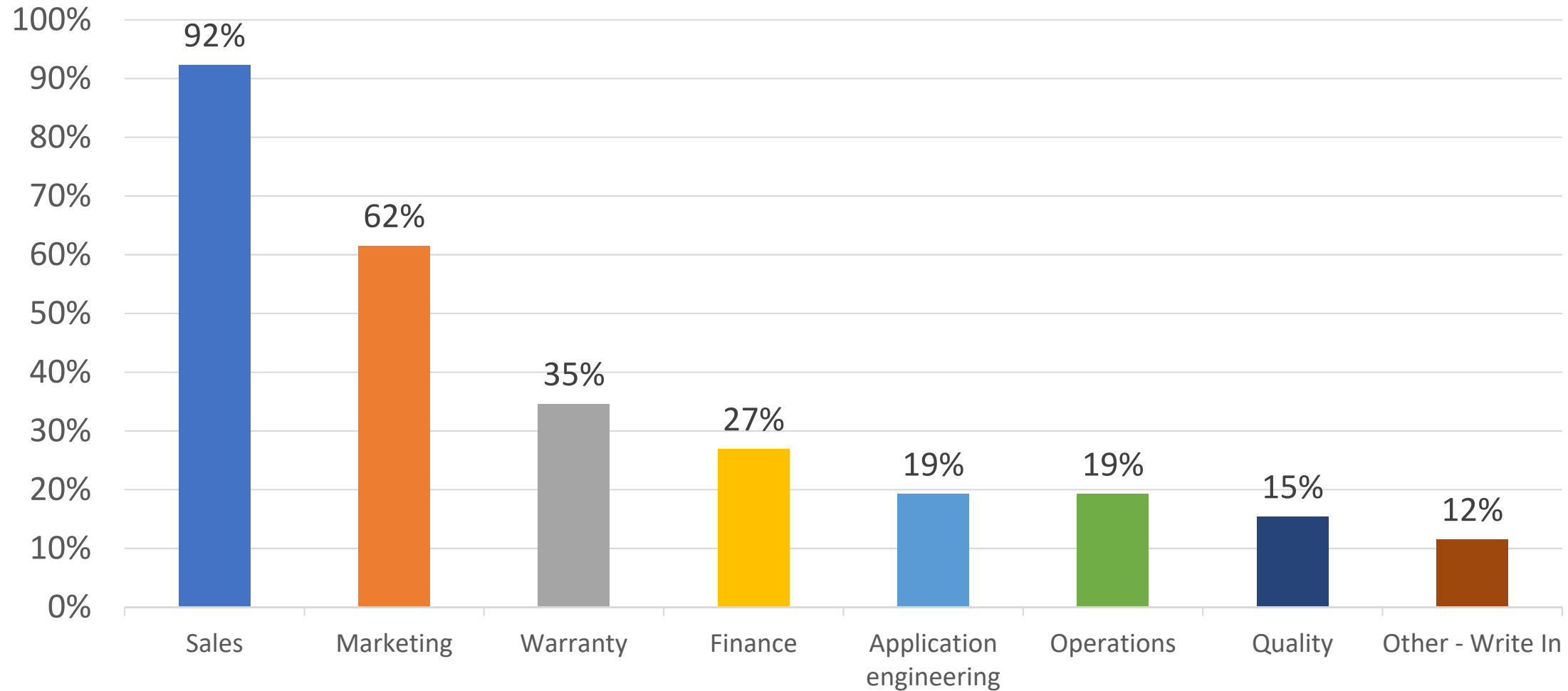


What CRM software does your company use?

- ACT (but changing in 2019)
- CampFire
- ICSI
- Lotus Notes
- MAS/SAGE (2)
- Microsoft Dynamics (4)
- None (4)
- Oracle Sales Cloud (2)
- Salesforce (6)
- SAP
- Siebel
- Zoho



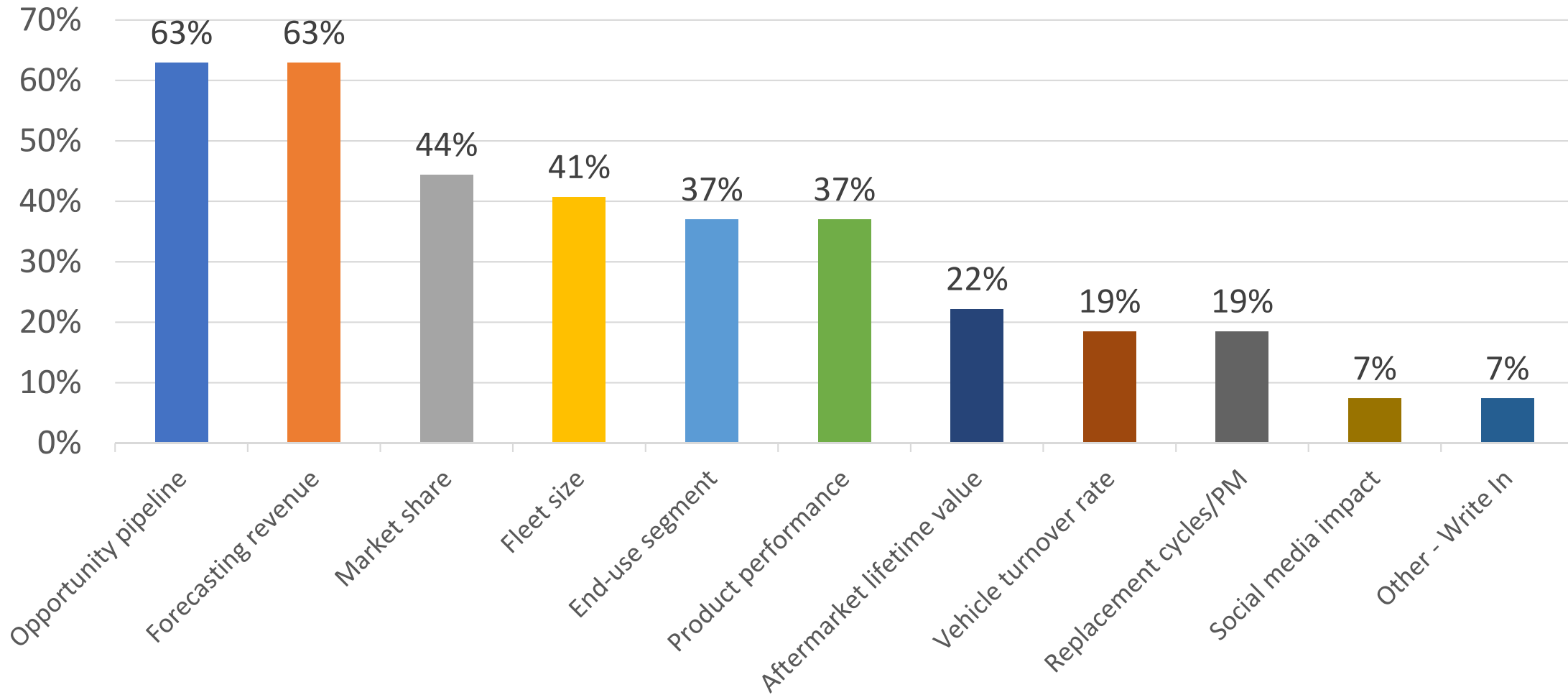
Which departments are currently utilizing your corporate CRM system?



Other: Legal



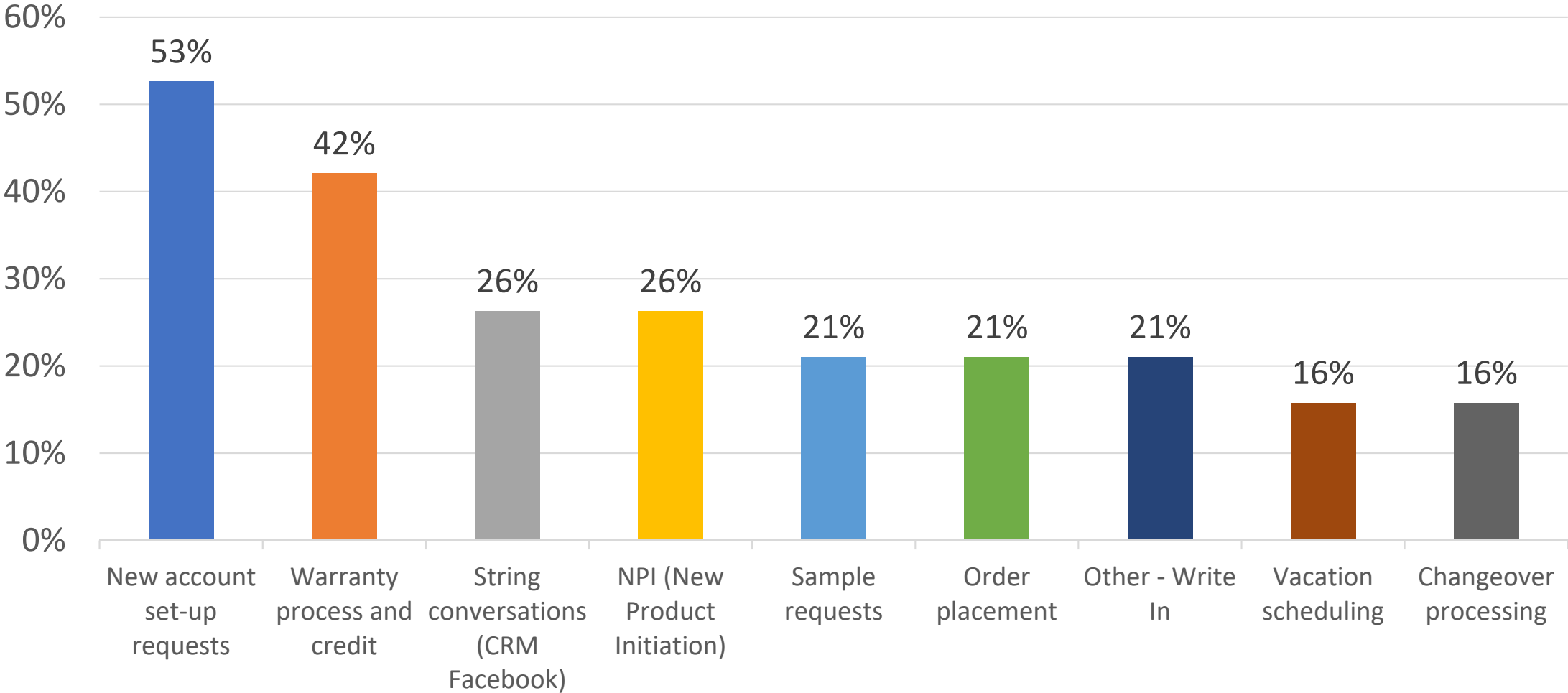
What information does your company track? Please select those your company tracks, not those that your software is capable of tracking.



Other: Sales vs. Quota
Customer performance information



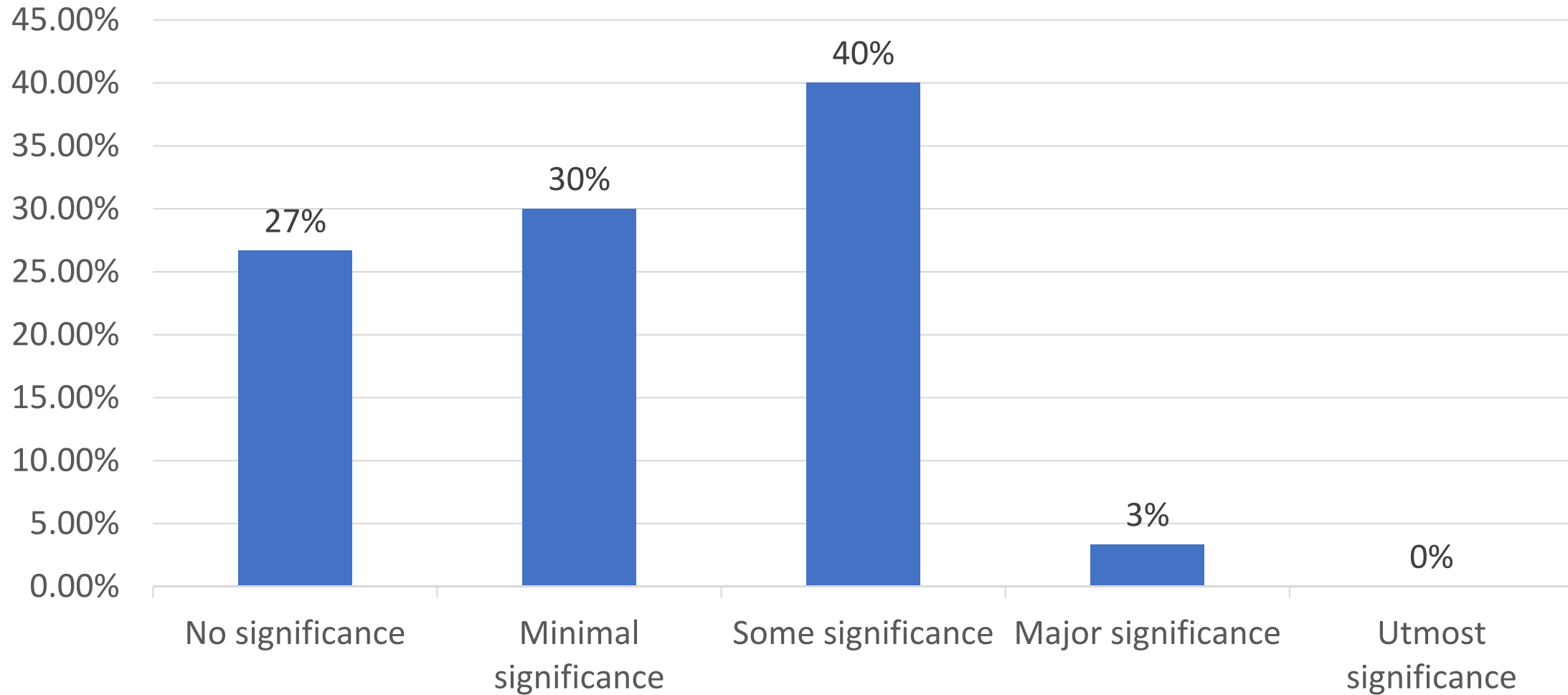
Does your company utilize CRM to administer the following?



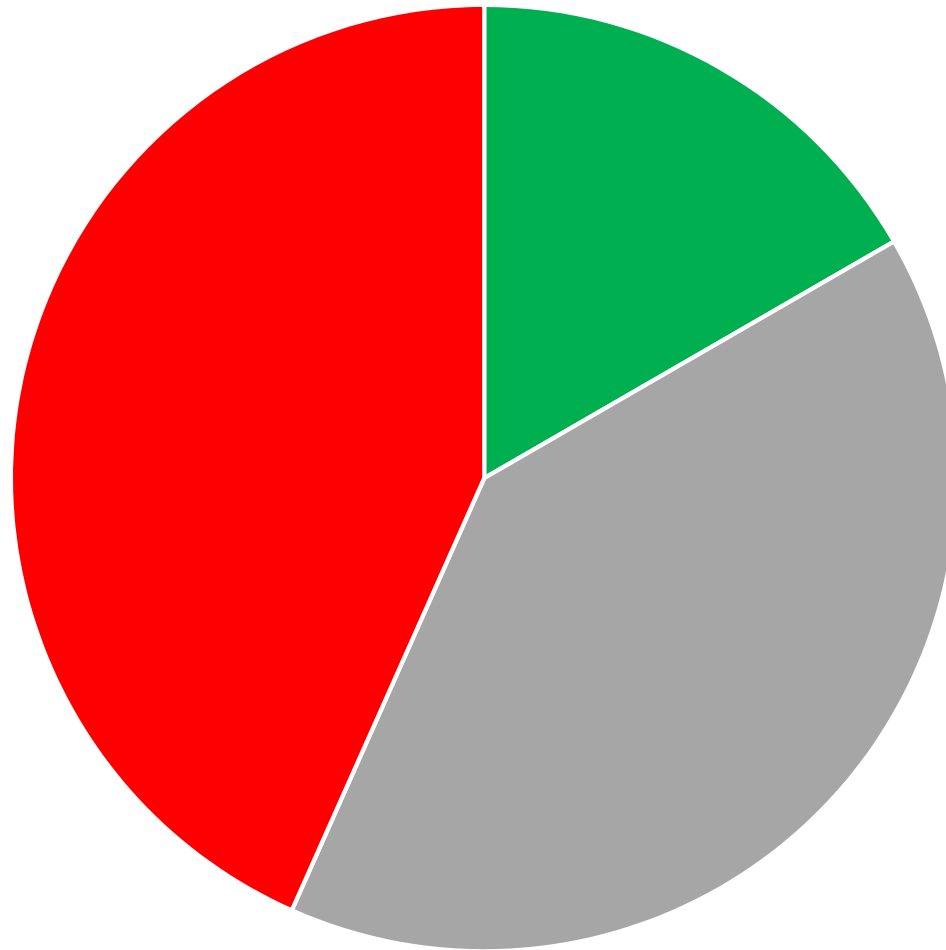
Other: Customer interaction
Quotations (2)



How would you rate the impact of CRM during your most recent budget planning process?



Is your company actively involved in monetizing data your CRM captures?



■ Yes, program in place

■ No, but investigating possibilities

■ No, no plans to monetize data



Please add comments on how you are integrating CRM into your budget process or any challenges you face in that regard.

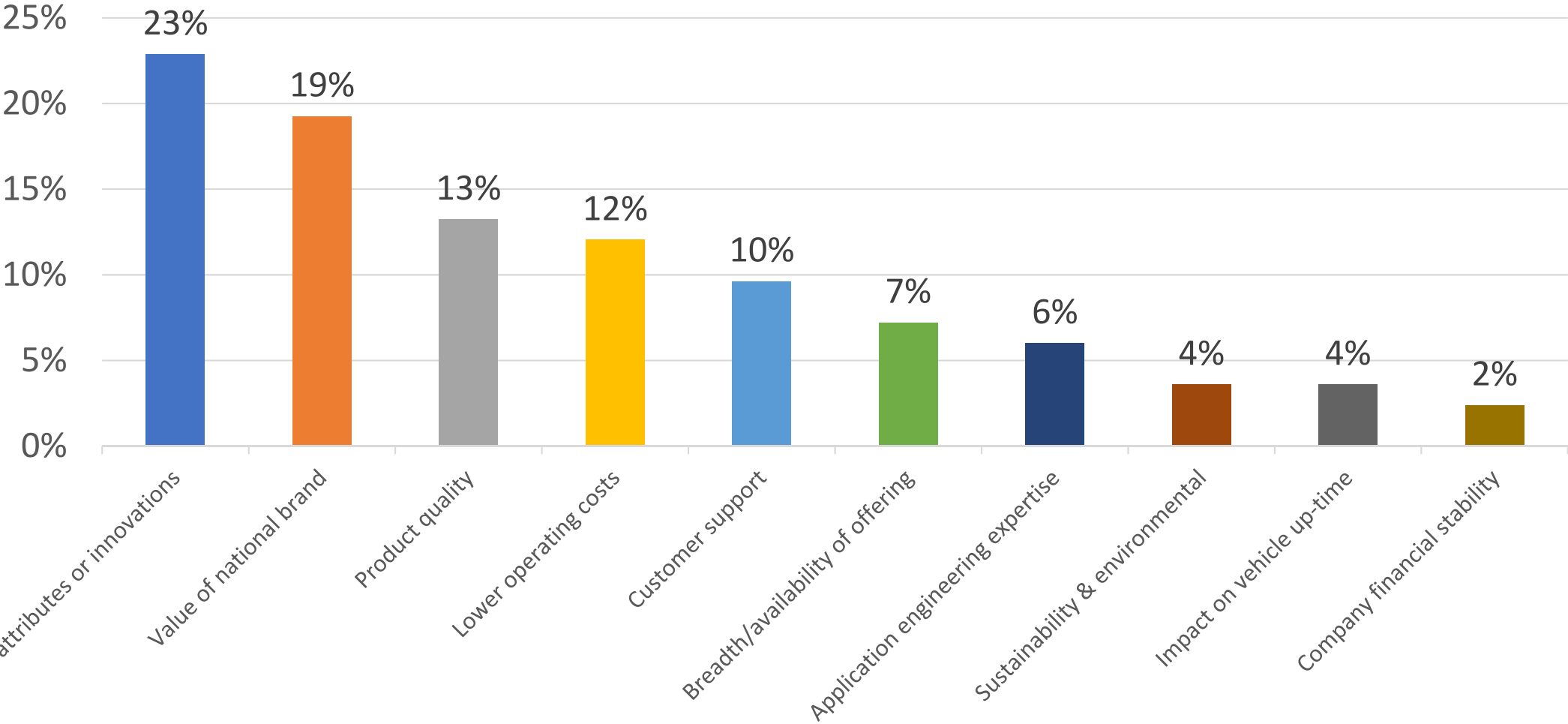
- All quoting is in CRM and used to develop sales routes and staffing
- Consistent use by the sales team is the single largest impediment to using CRM as a true planning tool
- Just getting started. CRM is invaluable and must be part of 2019 in every way.
- Looking to add new ERP system with integrated CRM package.
- To have an effective CRM, you must have dedicated people to administer it.
- Understanding the opportunities in our pipeline help us build our plan and budget
- We are in the process of evaluating CRM solutions. We are questioning if a stand-alone CRM system addresses our needs; most of our effort is on front-end processing (quotes, NBO management, ship & debit as well as CRM-type applications).
- We are using the Opportunity pipeline and proven success ratio to build the future budgets.
- We have budgeted significant expense dollars towards CRM tool upgrades and integration to our ERP.



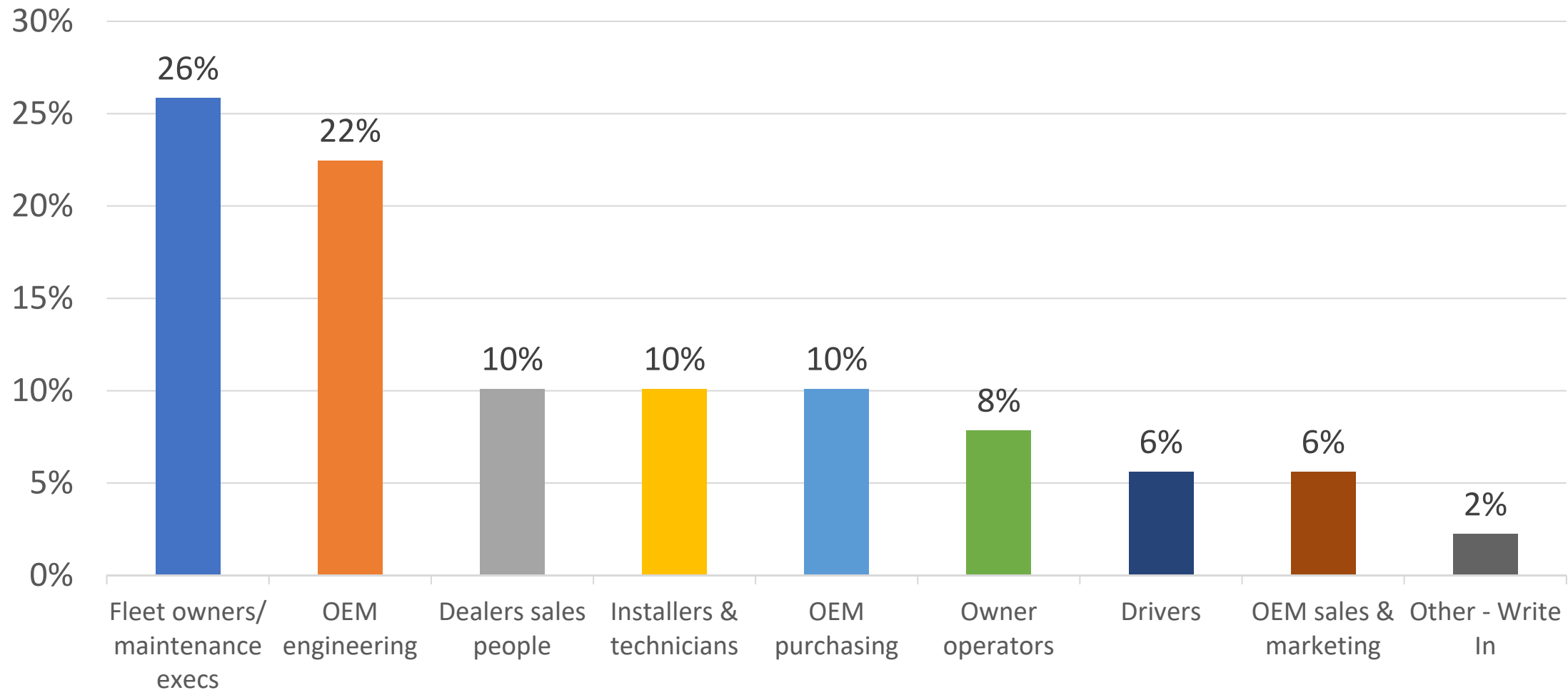


Brand and Identity

What are the three (3) primary branding campaign elements your team is focusing on in 2018?



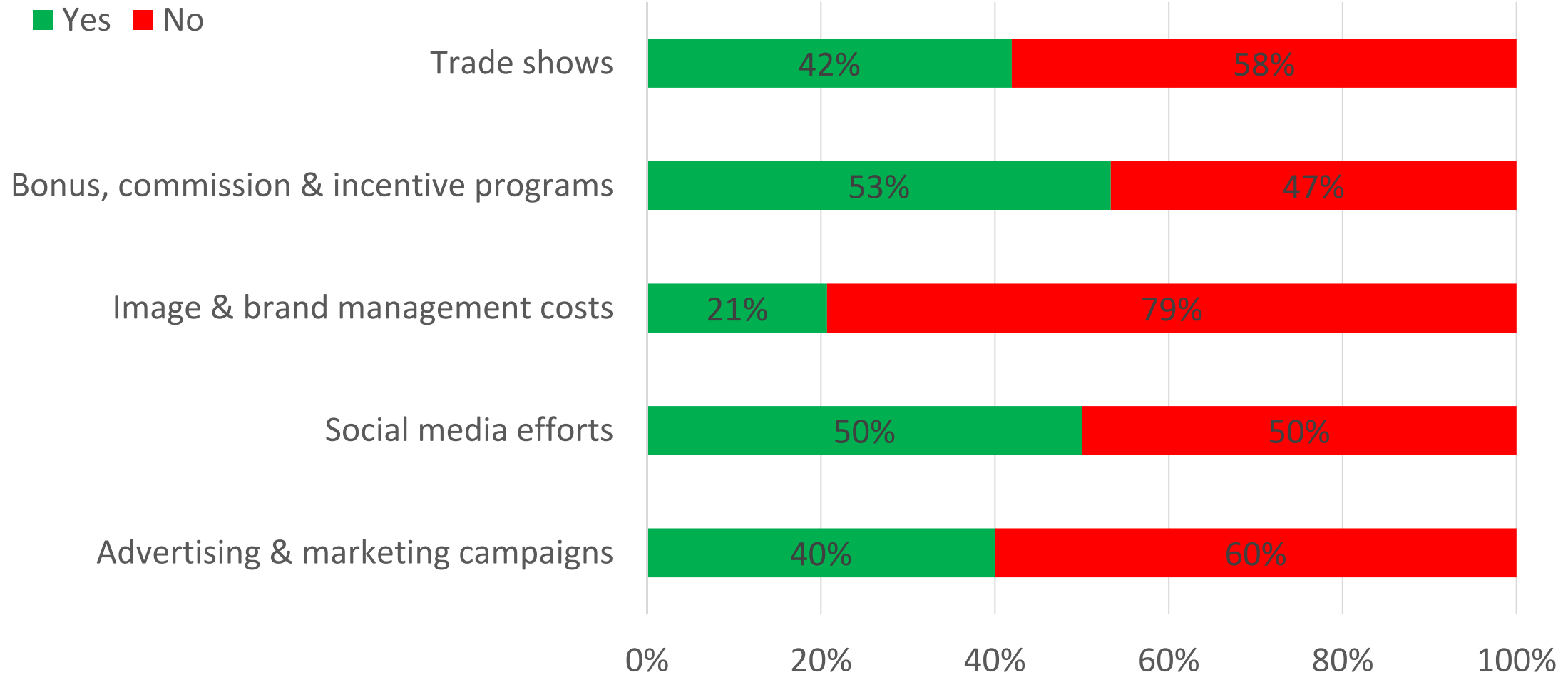
Who are the three (3) primary targets of your 2018 marketing activities?



Other: OEM C level



Do you have set metrics in place that are used to measure branding ROI on:

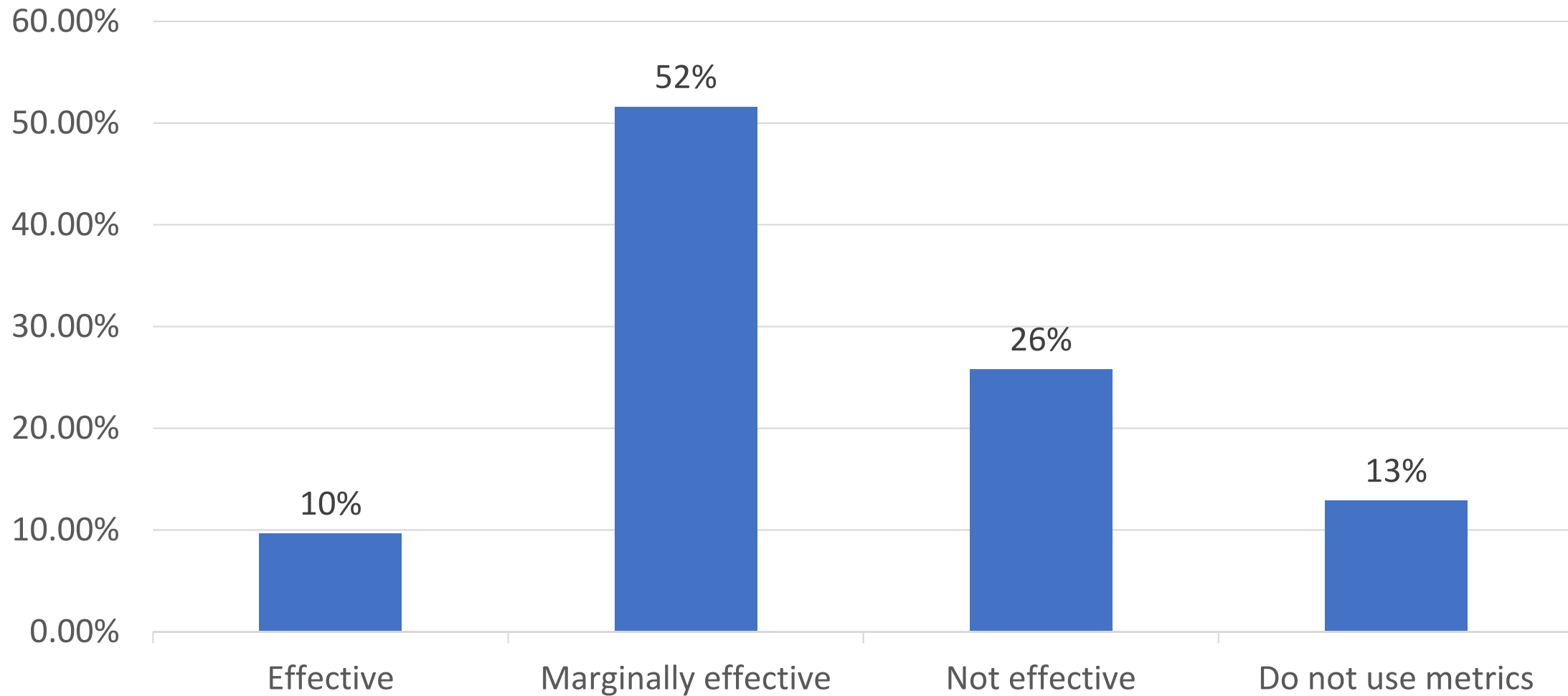


If yes, what specific metrics do you use?

- Dollars sold at trade show Web data - clicks and pages visited, leads generated Sales vs. goal
- Increase in following audience
- Response and click
- Revenue growth and sales lead conversion rate
- Sales change within targeted segments
- Sales leads and conversion of opportunities
- Sales revenue, top line only
- Track branded keywords versus generic key words and competitor key words in search engine organic search.
- Track page likes and follows on FB, Twitter, LI, and Instagram
- Track sales tied back to specific incentive programs by using a campaign code on the order
- Track sales tied back to tradeshow by using a campaign code on the order
- Track website traffic and leads generated by online traffic source (i.e. organic search, paid search, social media, banner ads, etc.)
- Trade shows- # of leads/sale Bonus, Commission- YOY sales vs. budget
- Traditional marketing metrics; impressions, open rate, followers, attendees. Sales bonus program; revenue, forecast accuracy, accounts receivable % past due, fleet growth wins, fleet retention wins, fleet mix wins
- Web analytics



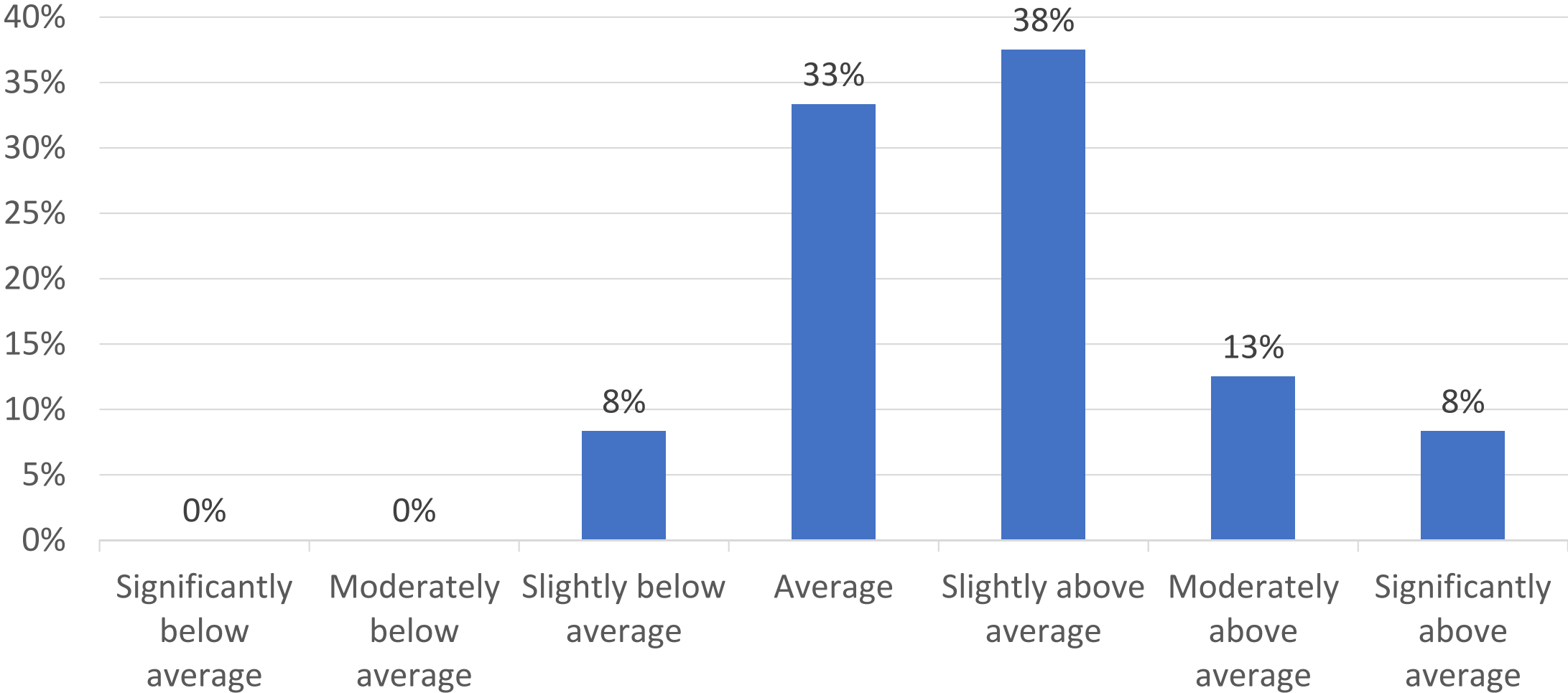
Overall, how effective are your current metrics measuring the ROI of your marketing efforts?



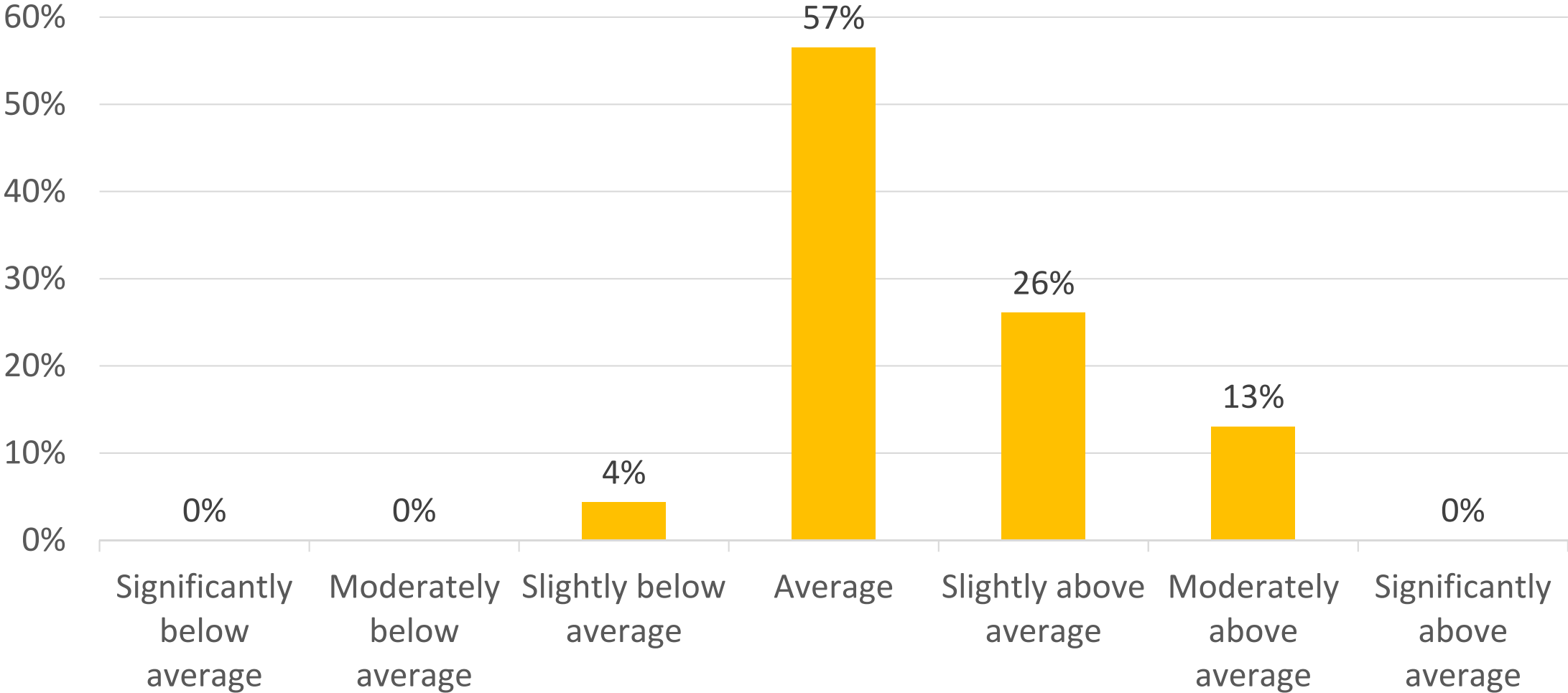


Personnel and R&D Budgeting

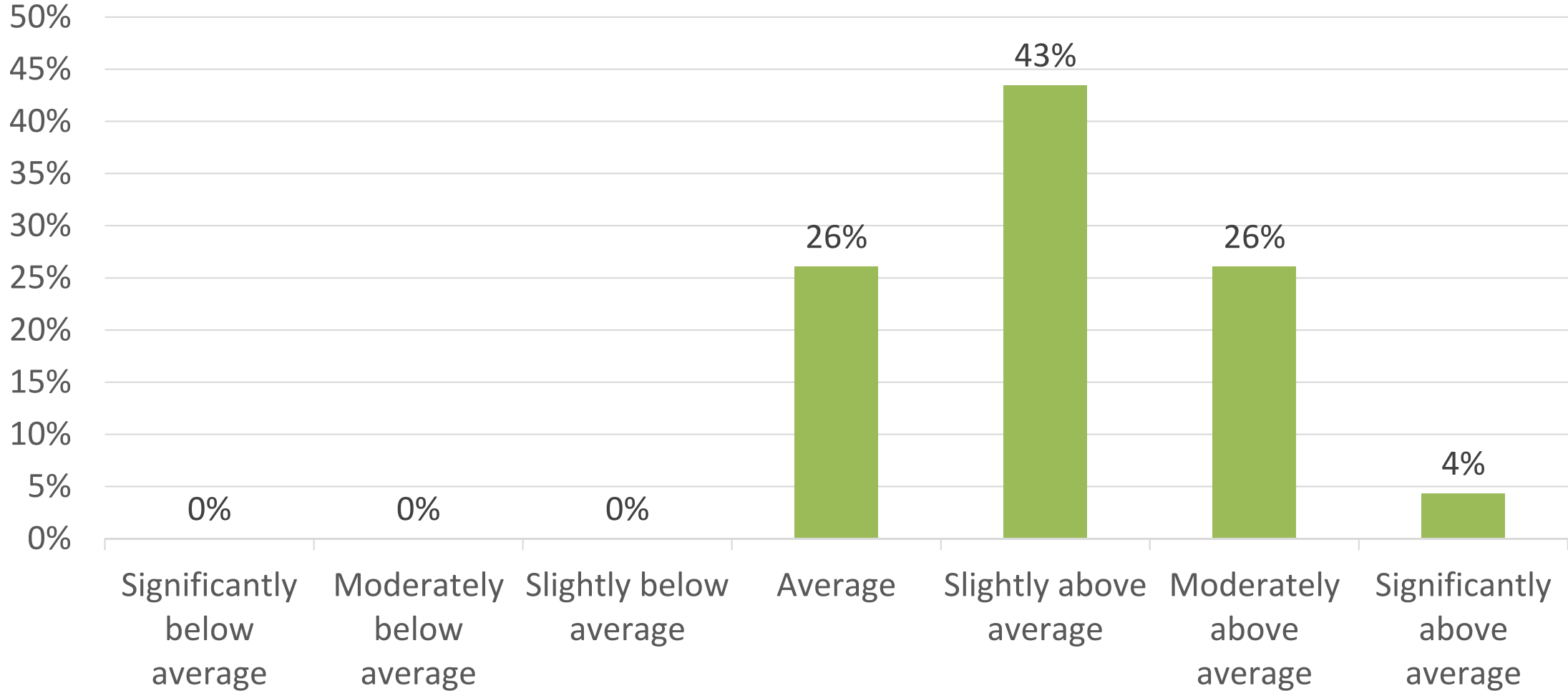
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: In-house inventory



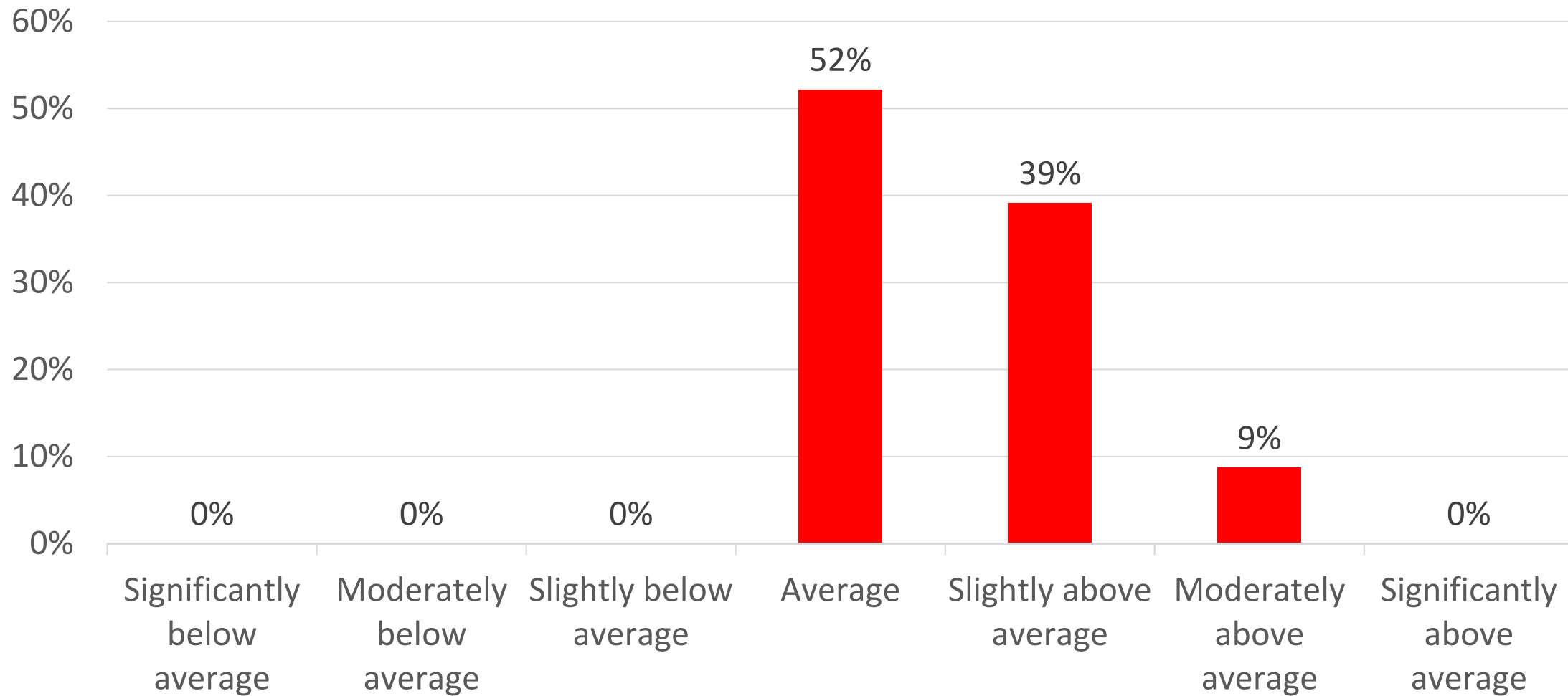
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Customer inventories



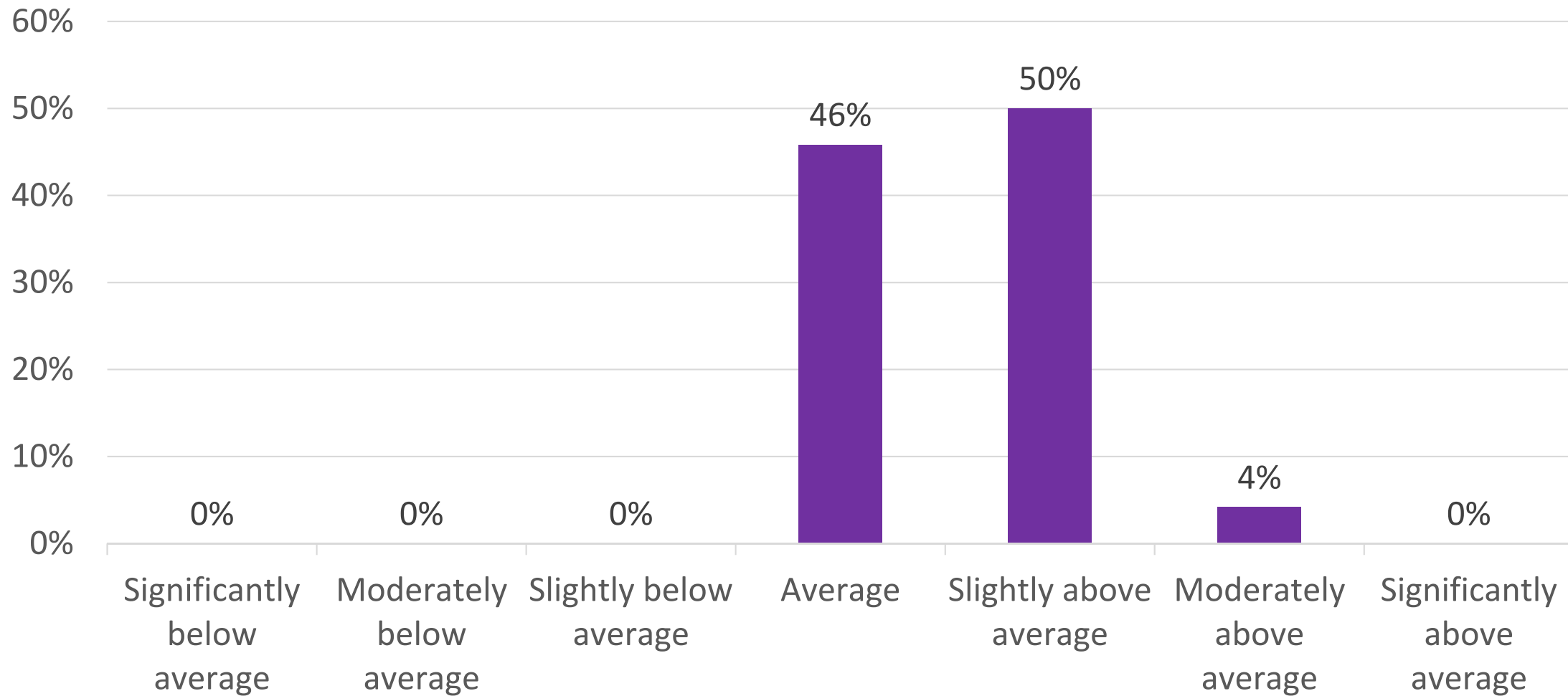
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Product research and development



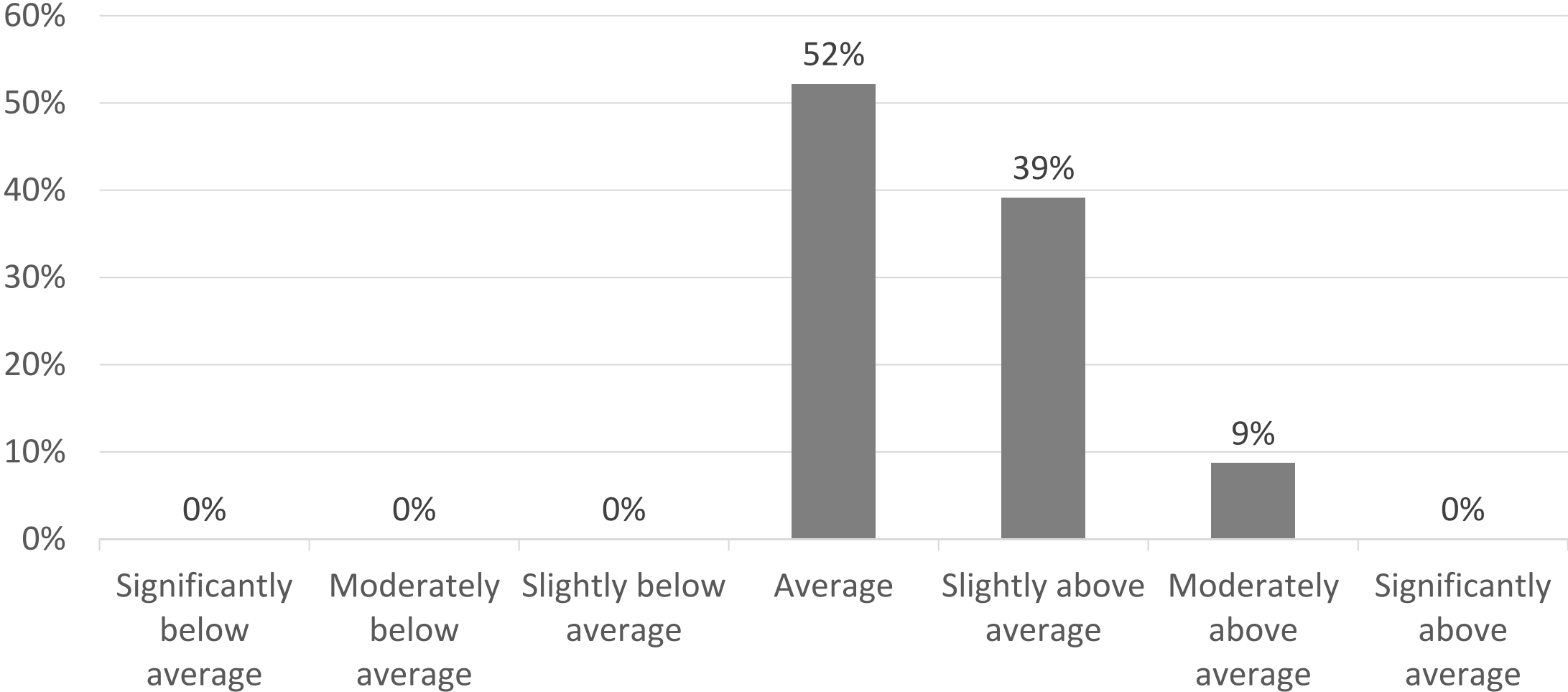
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Customer training and information programs



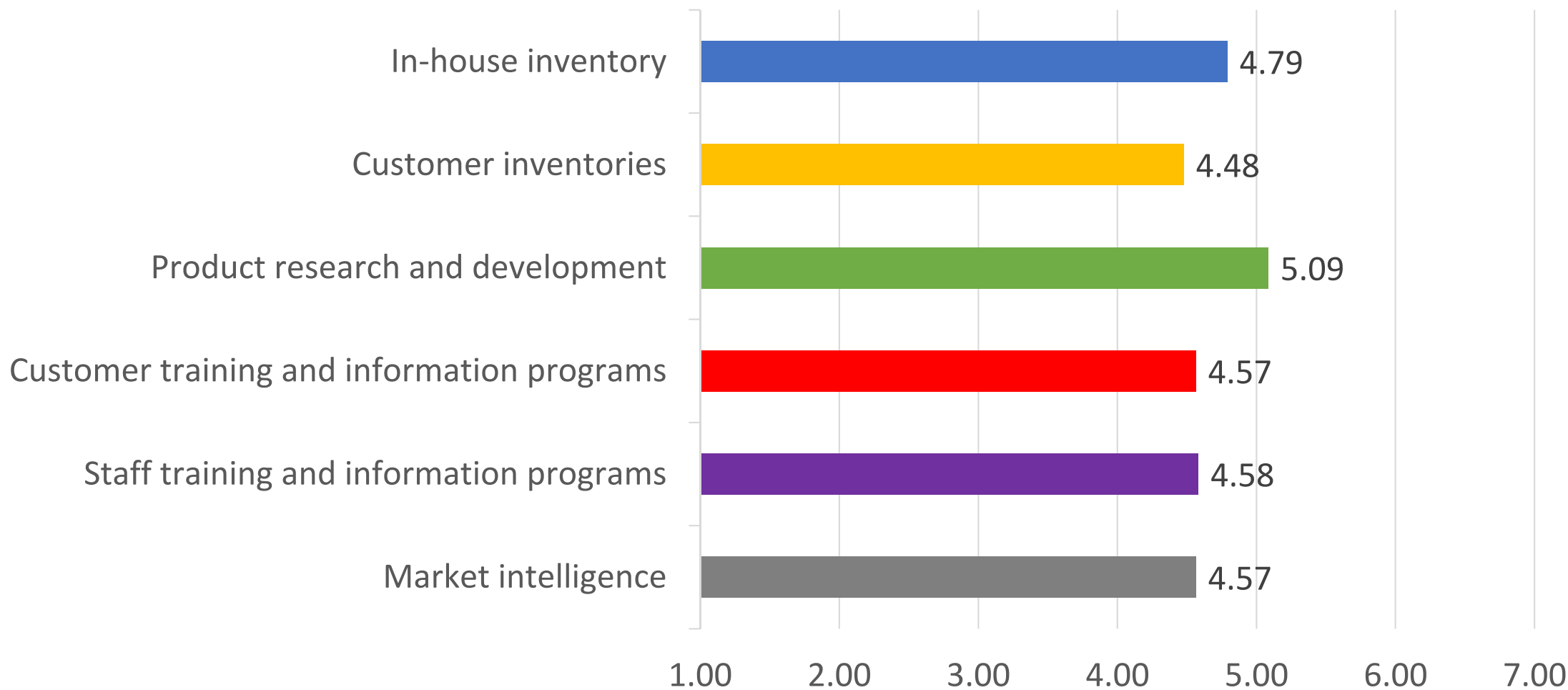
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Staff training and information programs



Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Market intelligence



Compared to the past three years, please rate your anticipated spending for 2019 in the following areas:



Summary of previous spending slides

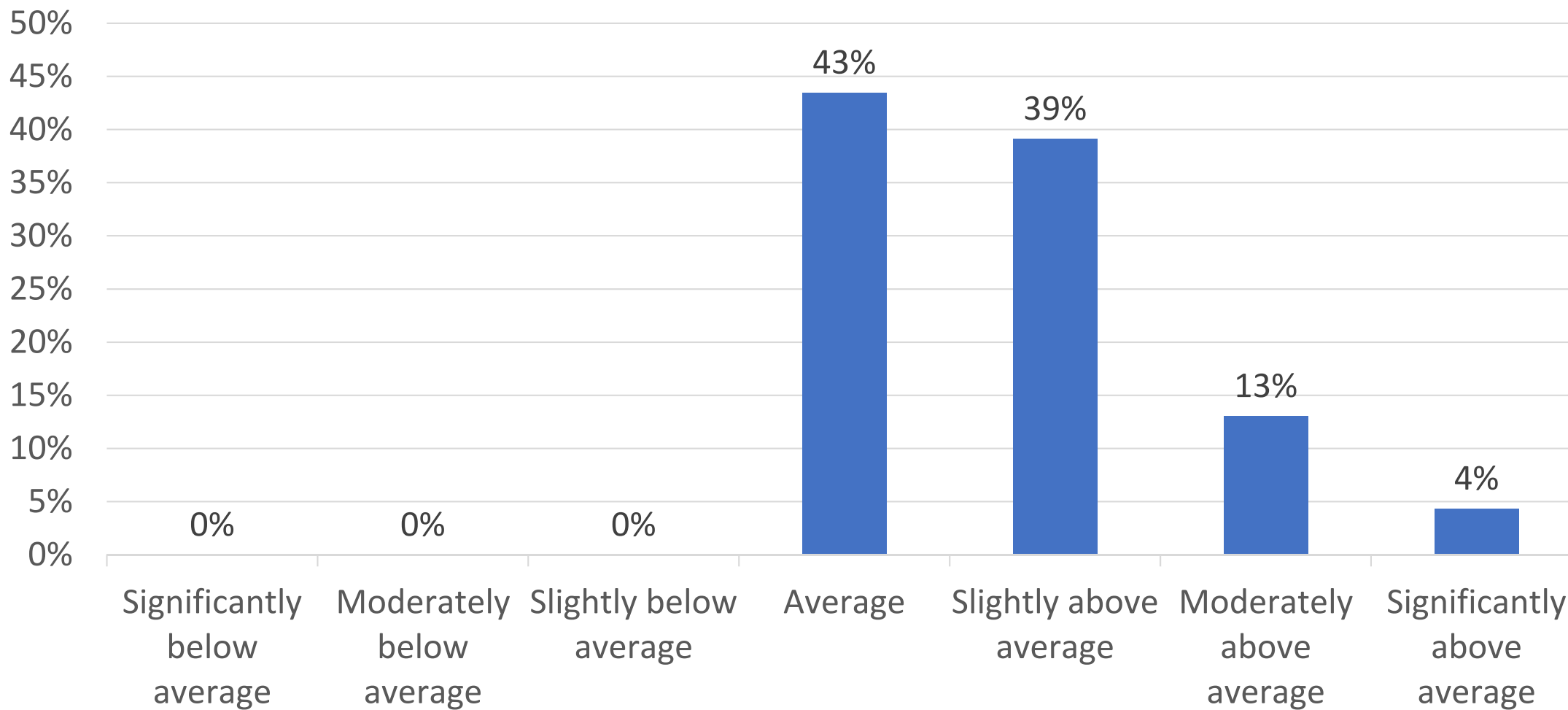
Significantly below average = 1

Average = 4

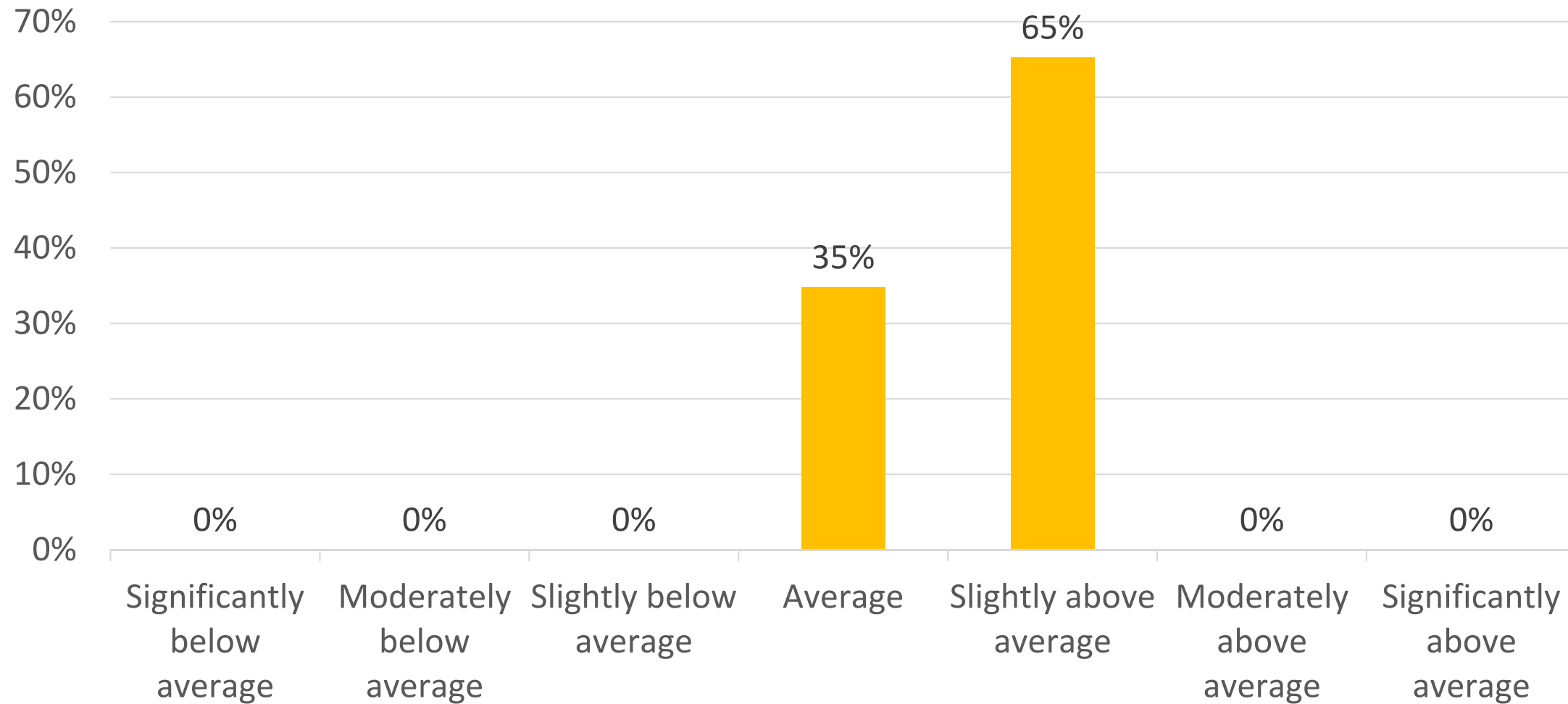
Significantly above average = 7



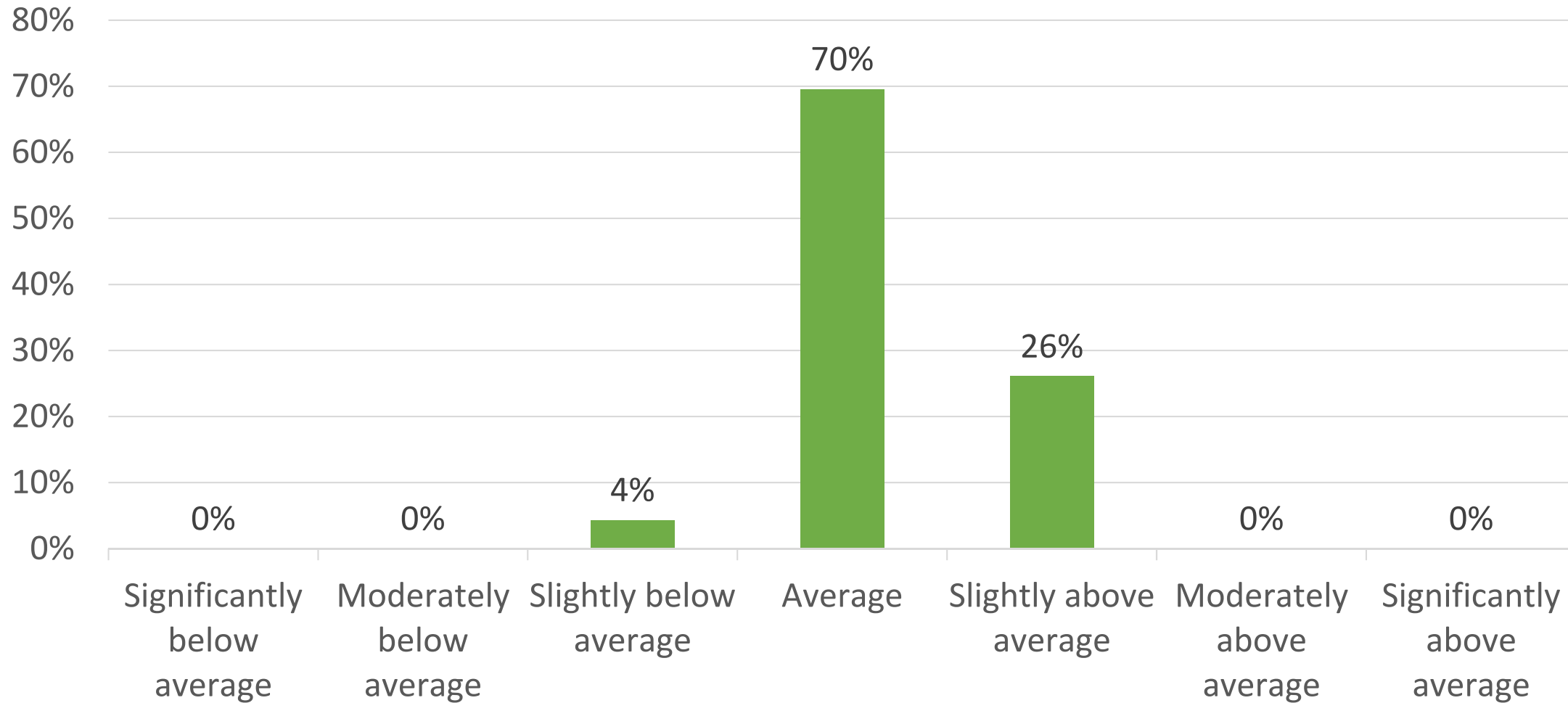
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Engineering



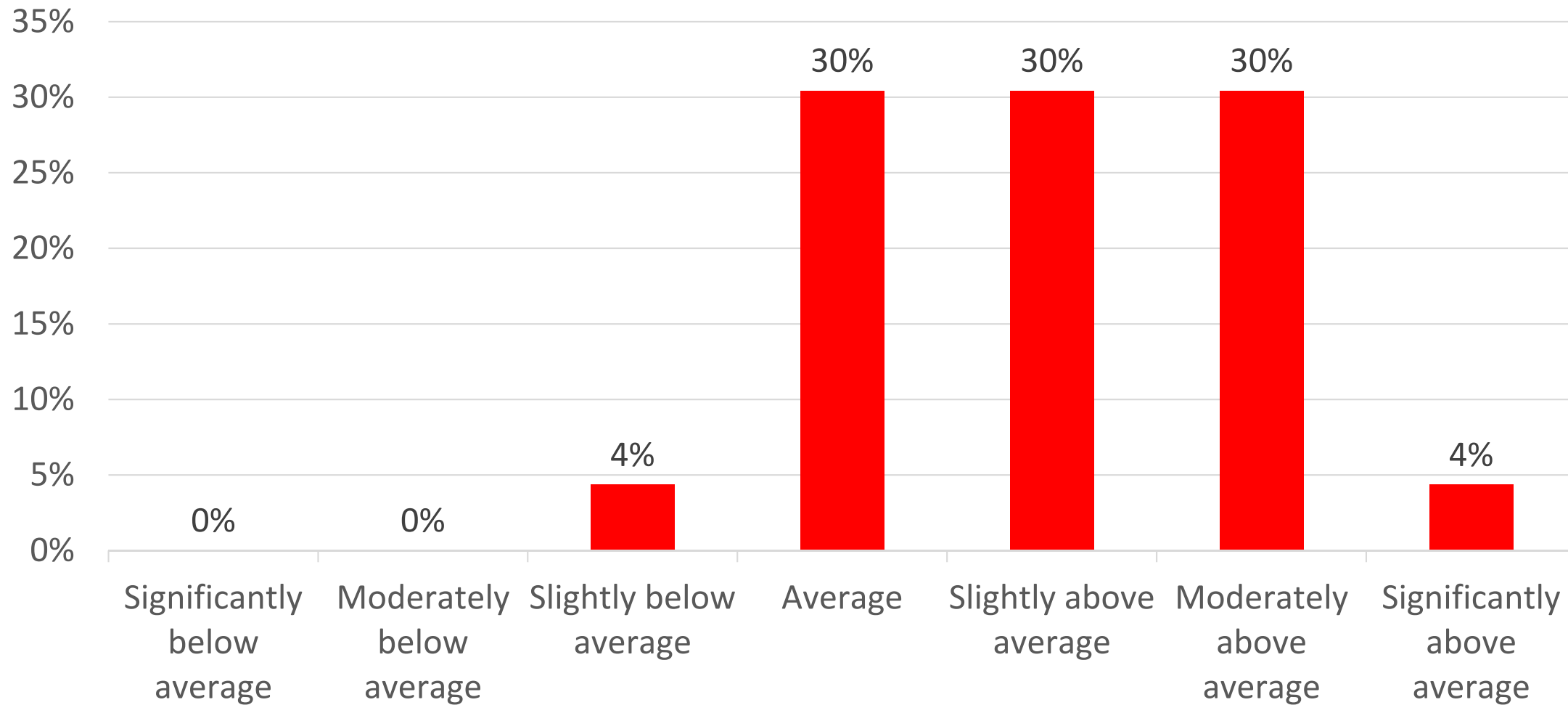
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Sales



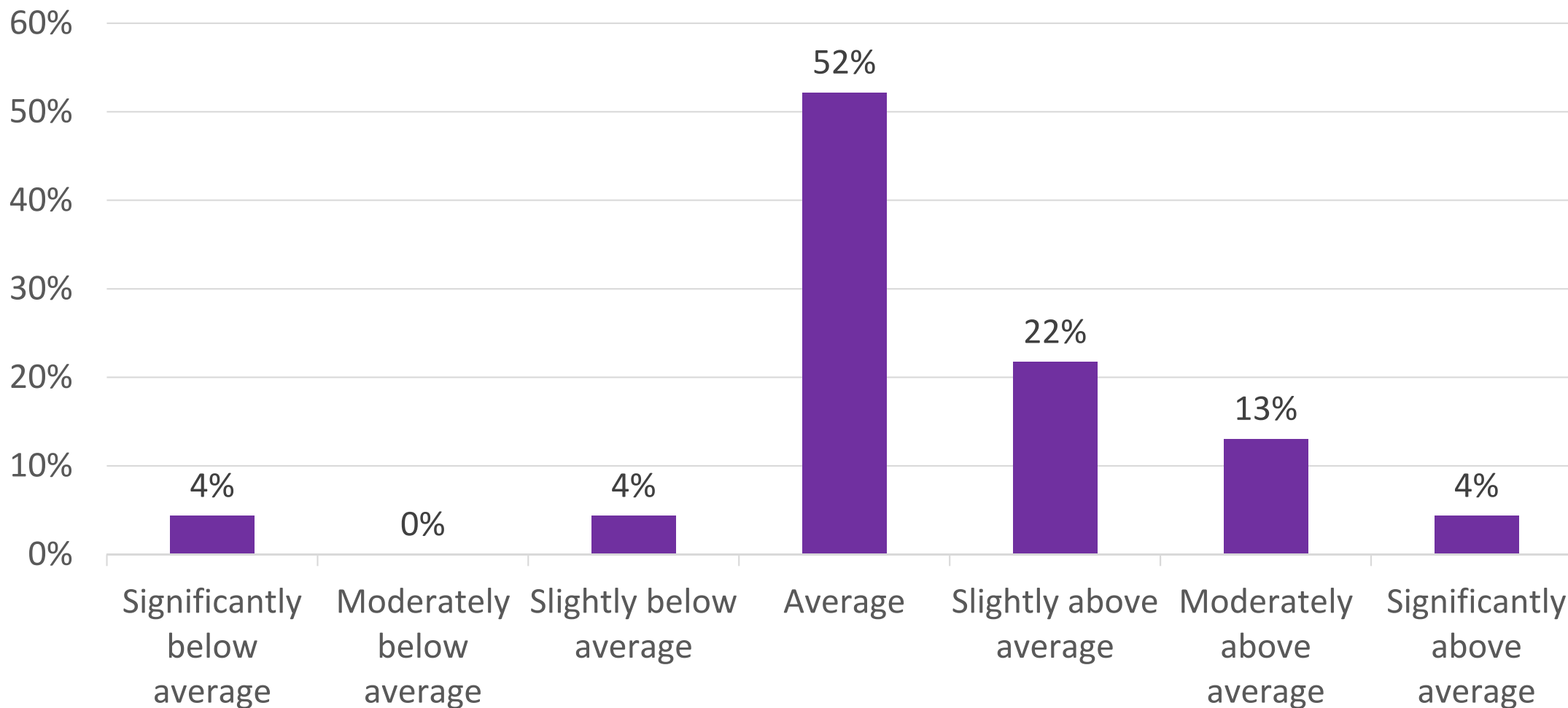
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Marketing



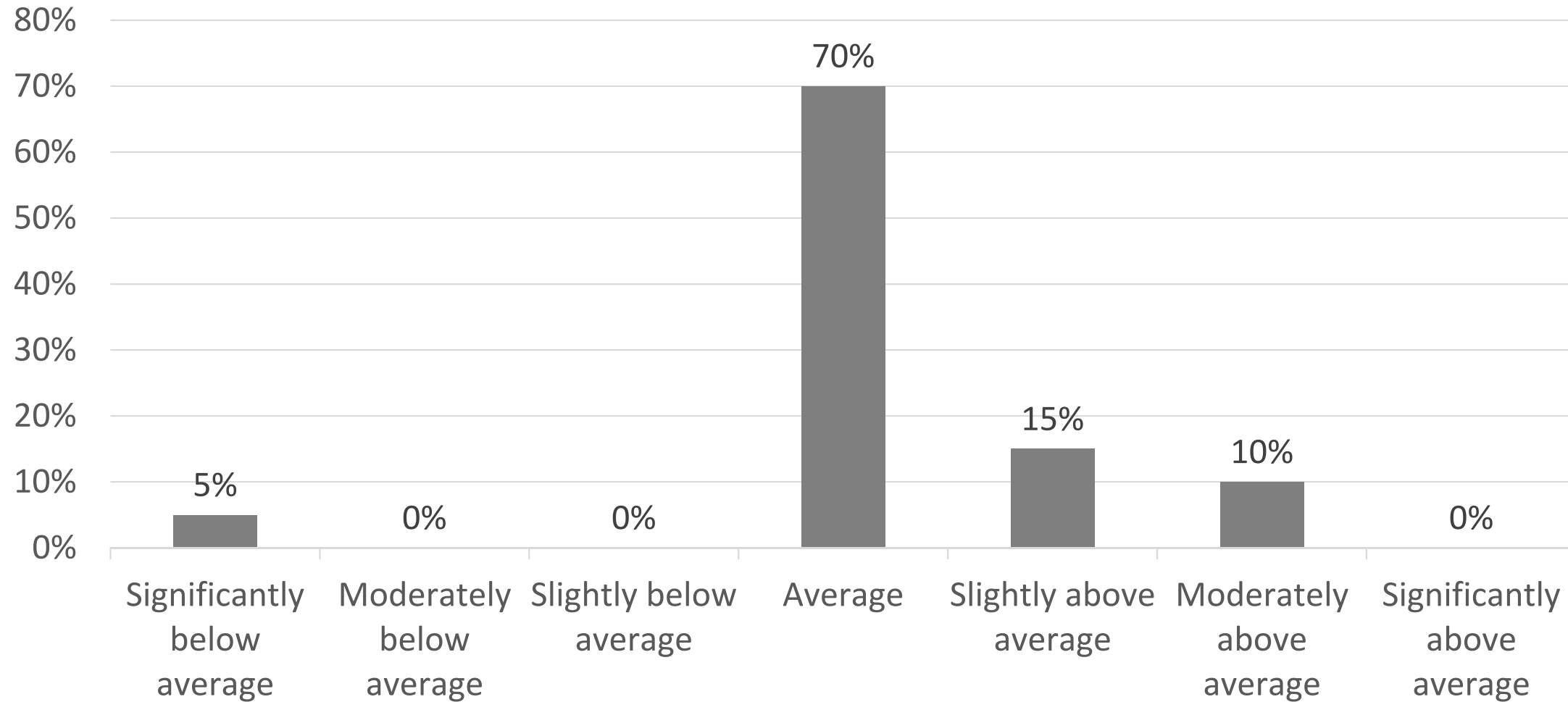
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Production



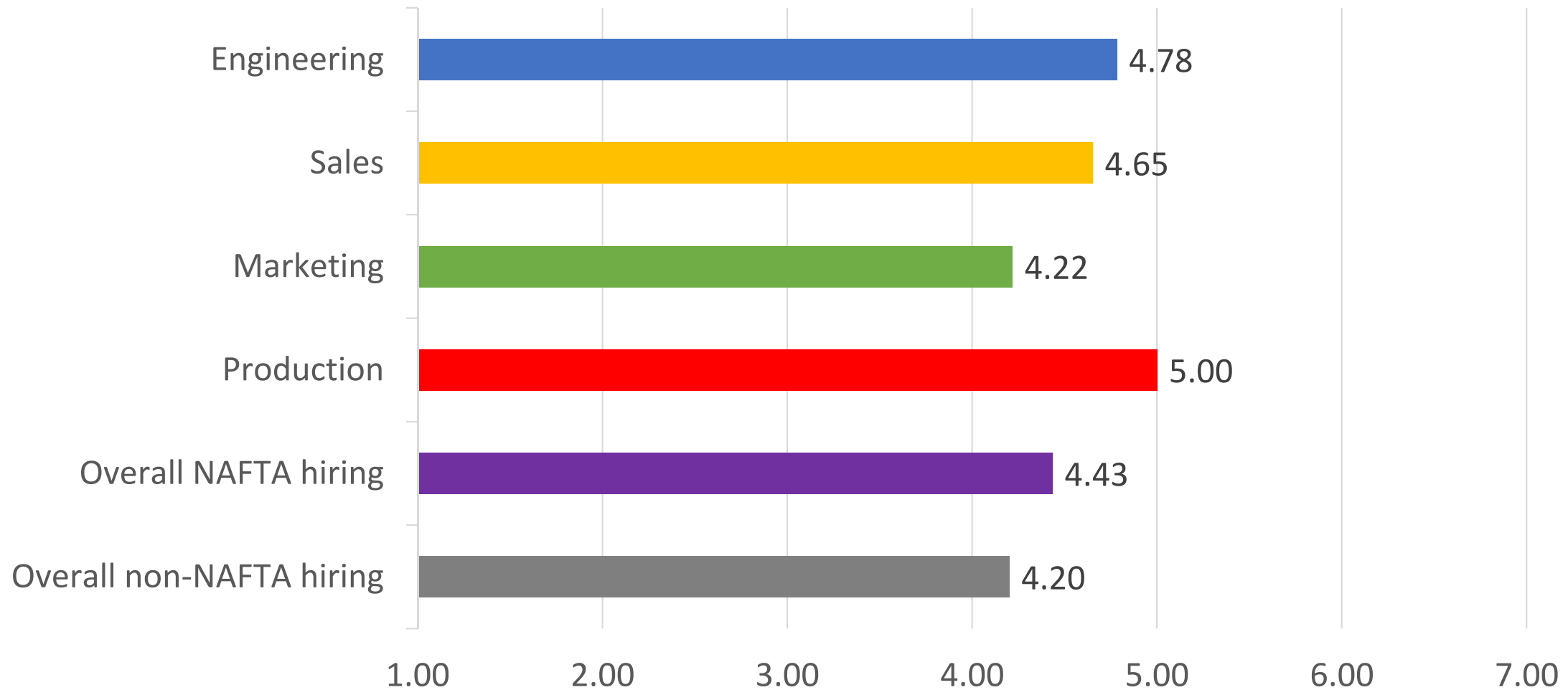
Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Overall NAFTA hiring



Compared to the past three years, please rate your anticipated spending for 2019 in the area of: Overall non-NAFTA hiring



Compared to the past three years, please rate your anticipated spending for 2019 in the following areas:



Summary of previous spending slides

Significantly below average = 1

Average = 4

Significantly above average = 7

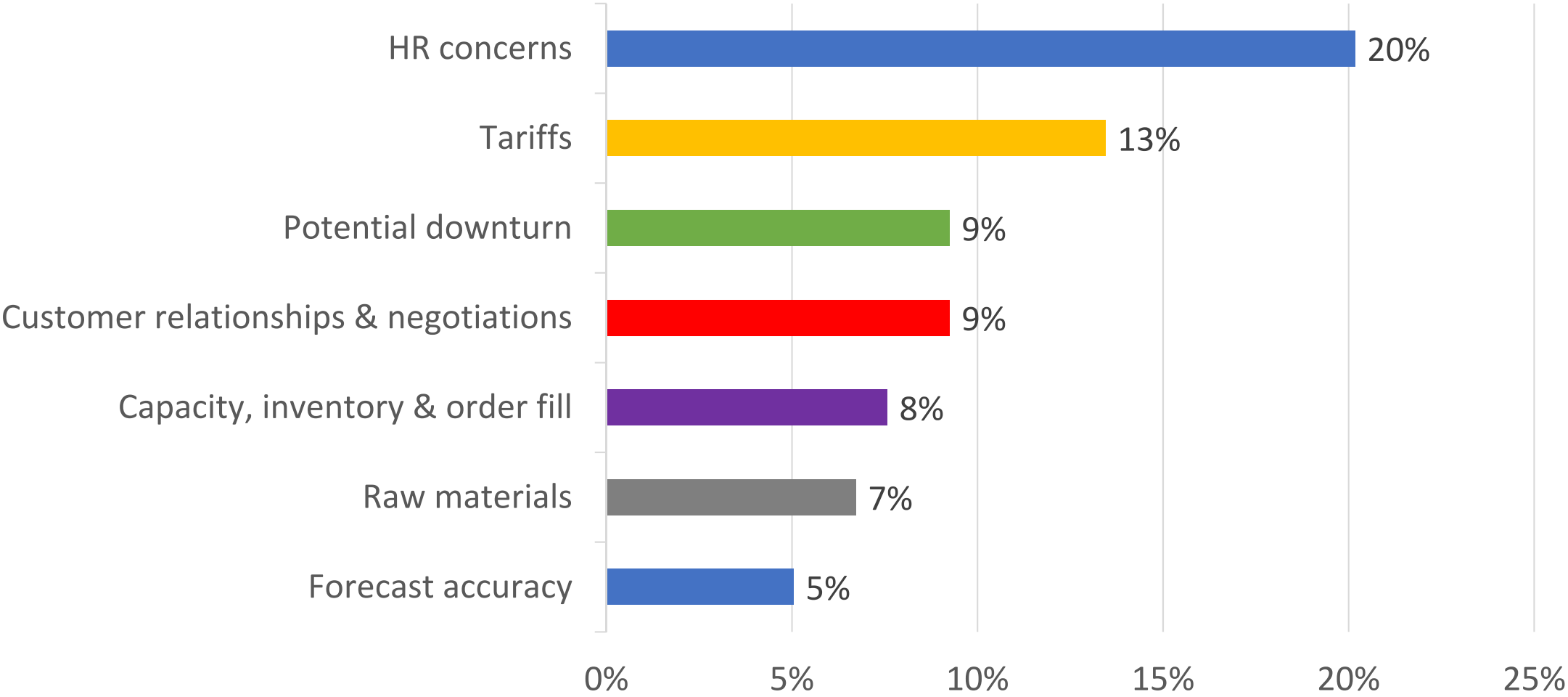


What is the greatest driver of your anticipated spending in 2019?

- Accessing fleet executives and maintenance personnel
- Aligning our talent deployment with the targeted growth opportunities we see.
- Anticipated sales increase
- Availability of qualified people
- Customer demand
- Engineering/design
- Expanding into new (non-NAFTA) markets (Asia, Eastern Europe)
- General economy environment
- Growth
- Hiring to meet customer demand.
- Increased customer demand for products
- Increased customers, need to market more effectively to shops and end users
- Increases revenue, need to expand product line and grow sales
- Inventory due to sales growth.
- Likelihood to recommend
- New customers and new products
- New product development
- People and training, travel is also up
- Production and Sales Growth
- Profitable market share growth
- R&D
- Sales growth
- Supplier turnaround



What are the three greatest challenges you face as you plan and prepare for 2019?

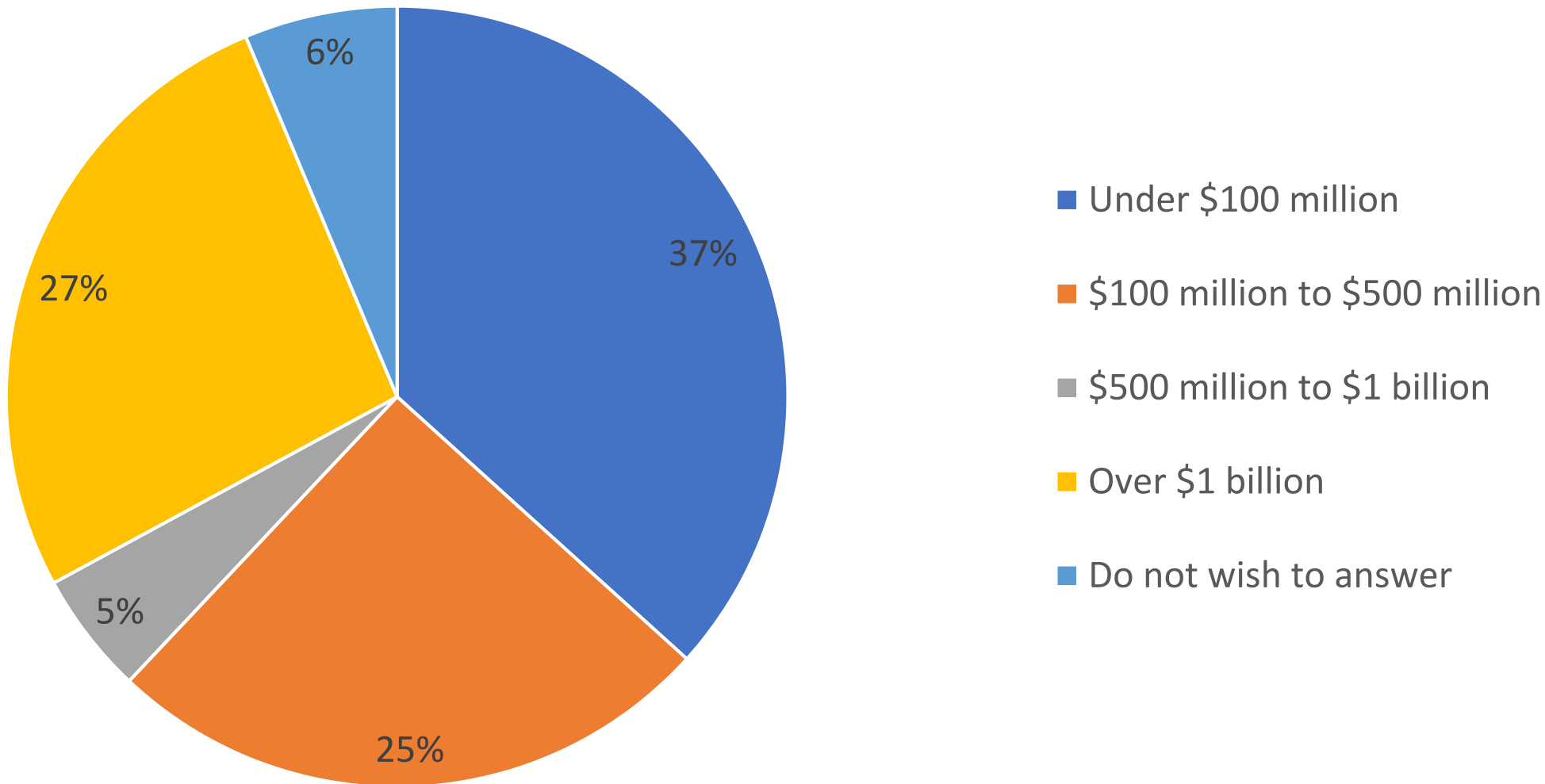


Categorized summary of 119 challenges submitted

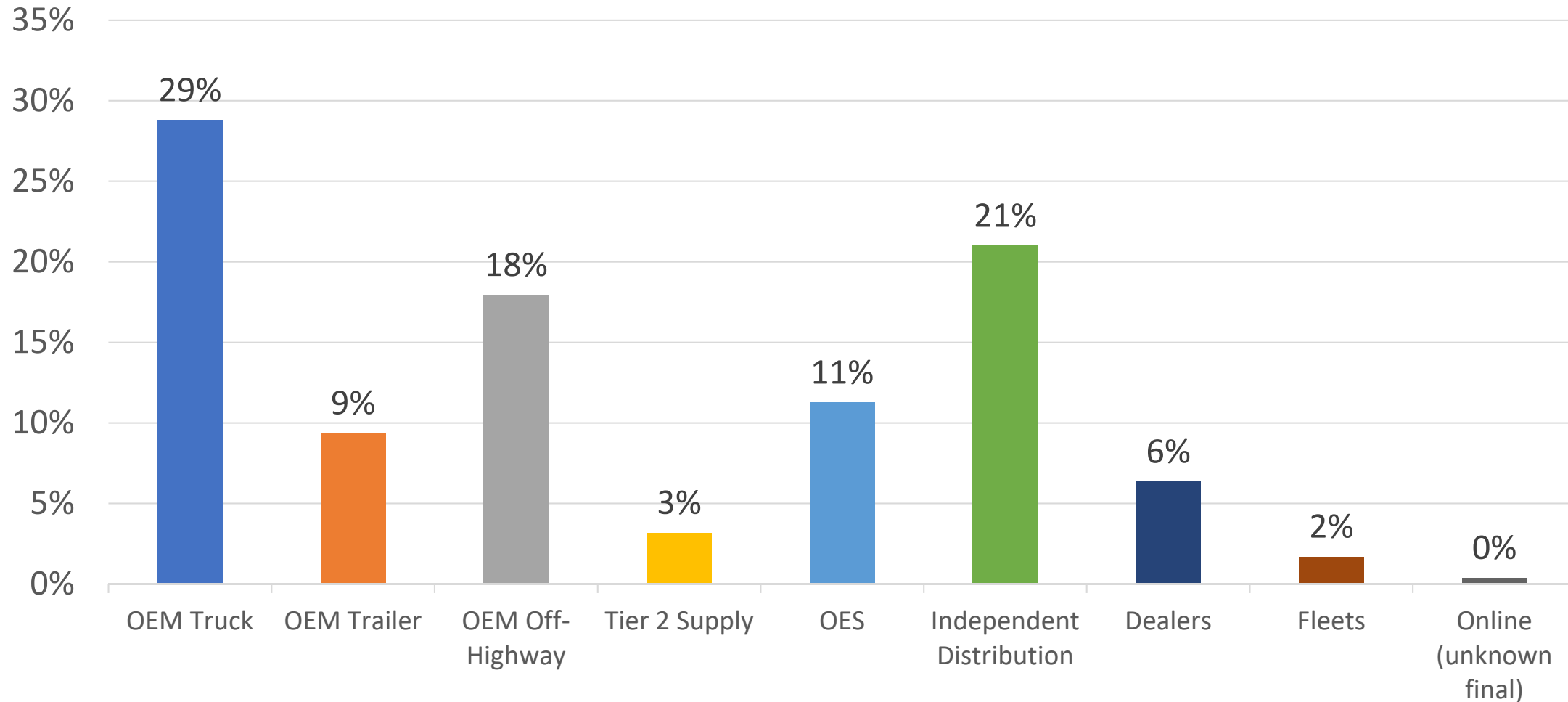


Demographics

What is your annual revenue?



Please input percent of your direct sales (OE and aftermarket) from the following market segments



Average distribution of all submissions – not representative of any individual submission





Appendix

What are the three greatest challenges you face as you plan and prepare for 2019?

- Accurate forecast -especially timing of next downturn
- Anticipating tariff / trade effects on raw materials and import brands
- Attracting, retaining and growing hourly labor outweighs anything else.
- Autonomous vehicles
- Balancing Independent Aftermarket business versus OES
- Better forecasting
- Building brand awareness and exposure through non-traditional initiatives as to not blend in and get lost in the crowd of parts.
- Capacity
- Capacity given current pace of business (good problem to have)
- Cash consumption from growth
- Changing sales environment for tools & equipment
- China knockoff's
- Collecting for product value from OEM's.
- Communicating quality
- Competing with mega parts companies and their offered rebates and the uncertainty of aftermarket parts benefits-to-cost/value vs competitors with larger budgets, bigger shares.
- Competition
- Competitive response to impact of tariffs
- Consolidation
- Cost position of one of our facilities
- Developing in-house expertise for processes previously outsourced
- Developing our people's effectivity and developing succession.
- Difficulty finding good sales people
- Discipline to develop actions and execute on our plans
- Distinguishing the difference between value-add and low price
- Distributor Consolidation
- Distributor consolidations
- Dramatically scaling production to keep up with growing customer base and expected product line vs maintaining current customers existing part numbers.
- Economic uncertainty of tariffs and resulting impacts on business
- Electric vehicles
- Employee satisfaction/career development



What are the three greatest challenges you face as you plan and prepare for 2019?

- Engineering expediency
- Expanding Investment
- Finding qualified people
- Finding Sales personnel dedicated to HD Market
- Finding test vehicles and shops for engineering
- Flexibility in contracts - Pull back in advertising if revenue isn't met OR change advertising methods based on performance without annual contracts in place
- Forecast accuracy
- Forecast inaccuracy from customers
- Forecast of truck build
- Growing complexity and breadth of product line and maintaining proper inventories for high customer order fill
- Hiring
- Hiring
- Hiring people
- Hiring qualified people
- Hiring skilled, motivated staff
- Hiring, training and retaining top talent.
- Human resources
- Impact of tariffs on aftermarket
- Impact of Tariffs on costs and pricing
- Imports
- Increase tariffs
- Increasing capacity judiciously.
- Investing in growth while preserving scalability for the next downturn (timing unknown)
- Keeping new product pipeline on time/budget
- Keeping pace with marketing communication trends
- Keeping pricing in line with escalating costs
- Labor issues
- Low cost imports
- Low-cost competition
- Macro Economics (Trump Effects - Tariffs, NAFTA, China trade war)



What are the three greatest challenges you face as you plan and prepare for 2019?

- Maintain sales growth
- Manage global tariffs
- Managing capacity
- Managing corporate expectations
- Managing pricing in this inflationary environment.
- Manpower
- Manufacturing to keep pace with strong market with 100% on time deliveries.
- Margin expansion
- Market direction
- Market forecast
- Market Uncertainty
- Market Uncertainty
- Market uncertainty- how quickly are we approaching a downward cycle?
- Material Cost Uncertainty
- Material Inflation
- Materials Availability
- Meeting the ever increasing demands of the OEMs
- Minimum wage
- New product releases / communication
- OEMs' vertical integration
- People
- People -- Need to keep a full team. Hiring is difficult to fill spots without outsourcing
- People (overall resources and prioritization)
- People- finding talent for open positions
- Potential Economy Decrease
- Price Pressure
- Price pressure from major customers and competitors (including in the aftermarket with Private Label)
- Private label products
- Product extension to new markets.
- Product opportunities



What are the three greatest challenges you face as you plan and prepare for 2019?

- Production capacity
- Raw material availability
- Raw material shortages
- Raw Material Supply
- Reading the market to plan correctly. (market strength and weakness is hard to decipher)
- Regulations, tariff's, prop 65, etc..
- Resources
- Retirement
- Salary growth.
- Service Level/Order Fill issues
- Slowing economic conditions
- Spike in demand
- Successful Price Negotiations
- Supplier and Material Costs
- Suppliers
- Supply and material costs
- Supply Chain continuity in the face of maintained high industry demand
- Tariff
- Tariff uncertainty
- Tariffs
- Tariffs
- Tariffs
- Technological shifts, electrified, connected, automated.
- Technology integration
- The market slowing down
- Tight labor market and overtime cost controls
- Turnover at OE Purchasing
- Uncertain material prices
- Uncertainty about tariffs and raw material input price



Thank You

Timothy Kraus

President, Chief Operating Officer

tkraus@hdma.org

Jennifer Hjalmsquist

Executive Director, Marketing &
Member Services

jhjalmsquist@hdma.org

Beth Walters Barkovich

Senior Director, Membership
Development

bbarkovich@hdma.org

Katelyn Litalien

Senior Manager, Marketing Operations &
Member Services

klitalien@hdma.org

Richard Anderson

Director, Market Research

randerson@hdma.org

Steve Handschuh

MEMA President & Chief Executive Officer

shandschuh@mema.org

Ann Wilson

MEMA Senior V.P., Government Affairs

awilson@mema.org

