

# MATERIAL HANDLING REPORT



WHAT DOES THE FUTURE HOLD FOR THE MIDDLE EAST MARKET?



**S**uffering at the hands of a global recession, the material handling sector has finally experienced its first green shoots of recovery, according to a trade report by Frost & Sullivan. In particular, the developing economies of India and China are expected to lead the market's much-awaited revival, while Middle Eastern countries such as Saudi Arabia, Bahrain and the United Arab Emirates will also commence their rebounds in 2010. The forecast will undoubtedly be welcomed with open arms by local trade suppliers, who have suffered to varying degrees from the cautious spending habits of clients in the regional logistics industry.

**“The material handling market is fast-paced and manufacturers must keep themselves updated”**

Stewart Arbuckle, managing director of Dubai-based warehouse solutions specialist Loc8, believes that a growing number of companies in the Middle East will invest in upgrades to their material handling solutions this year, moving away from the common ‘wait-and-watch’ approach of 2009.

“Last year’s sudden crisis did have an impact on the market, leading to a period of flat demand, although this was related to buyers adopting a more cautionary approach than normal to expenditure,” he reasons.

“That attitude has started to change now and we’re noticing a return in confidence. According to Emirates Industrial Bank, resurgent growth in the UAE economy is forecast at 5%, based on non-oil expansion and the expected increase in oil prices and crude output. In fact, banks throughout the Gulf are set to ease on lending, based on a consensus of a brighter 2010, which will further stimulate the market and fuel growth,” he continues.

Arbuckle’s opinions are supported by the results of *Logistics Middle East’s* first readership survey on the material handling sector, which questioned around 250 senior professionals from the industry about their purchasing habits. In total, 91.4% of respondents stated their companies were planning to spend on material handling products such as forklift trucks, pallets and warehouse racking in 2010. Approximately 64.3% would purchase these solutions exclusively from the Middle East, while the remaining amount was planning to source from both the Middle East and other global markets.

Such demand is expected to drive the development of ‘smaller but smarter’ material handling technologies, according to the Frost & Sullivan report, with an appealing range of modern functions, such as touch screen interfaces, upgraded software, and distributed control functions, which obviate the need for bulky control panels. More specifically to the Arab world, 58.7% of respondents to *Logistics Middle East’s* survey were considering an investment in automated storage, based on the belief that warehouse automation would eventually become commonplace. The remaining 41.3% stated that automation was a possibility for their future operations, although not suitable at the moment.

“The recession has increased the need for companies to improve their supply chain efficiencies to make their overall operations more proficient and cost-effective. While a portion of the logistics industry will adopt a cost-cutting approach, others will achieve these goals with the implementation of technology solutions or automated handling,” reasons Arbuckle.

“Logistics operators are more and more open to the use of technology in the picking and handling environment and this will lead to future opportunities for voice-controlled picking solutions, container unloading systems, pick-to-light technology and other related products.”

Faced with environmental pressure, green initiatives are also poised to pick up steam in the material handling industry. Industrial practitioners are displaying a preference for environmentally responsible material handling systems that reduce emission levels and produce less noise. To ensure greater uptake of material handling systems, new technologies must be developed to ratchet down costs and improve the overall return on investment.

“The material handling market is fast-paced and manufacturers must keep themselves updated with customer demands, with constant research and development, together with faster innovation rates. This is a common need throughout the world, including the Middle East, where customers are very focused on searching for good solutions that are available at the right price and provide quality for their business requirements,” concludes Arbuckle.

“In addition, the most valuable asset for buyers in this region is the local support and added-value that is brought to the table by distributors. As the *Logistics Middle East* material handling survey has shown, the vast majority of customers in the Middle East will purchase their solutions locally, allowing them to benefit from better communication and after-sales service. However, with 25.1% rating after-sales service as poor, compared to only 3% rating it excellence, it seems that customers generally believe there are some improvements to be made in this area over the coming years.” ■

**Read the complete results of the Logistics Middle East material handling survey, sponsored by SPAN Group, over the next three pages...**

