

## A CHANGING MATERIAL – HANDLING MARKET: HOW TO ENSURE CONTINUOUS SUCCESS



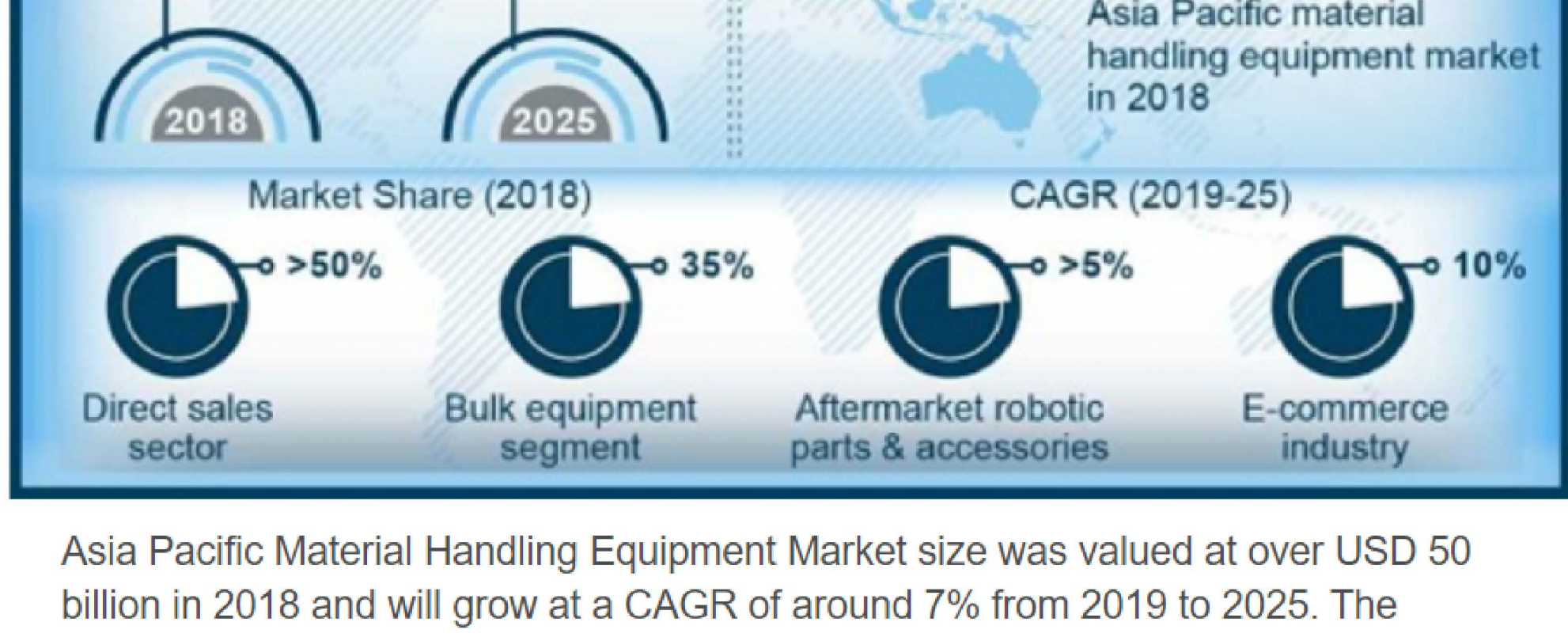
Material handling, which includes the movement, storage, and protection of products, is only as effective as the technology it relies upon. And each of the industry's primary subsegments—including cranes, conveyors, and forklifts—has its own markets, technologies, and capabilities. Traditionally, material-handling subsegments have been highly fragmented. This fragmentation has allowed manufacturers to specialize in their respective areas, benefiting from existing brand recognition and relatively stable competition. In recent years, these subsegments have closely mirrored economic cycles, further allowing manufacturers to benefit from comparatively steady growth.

Today, however, manufacturers are having a harder time adapting to a number of trends. Urbanization and an aging industry workforce have required manufacturers to offer progressively integrated and automated services and products. Accelerating adoption of e-commerce on a larger scale is putting additional pressure on the segment with regard to SKU granularity, delivery times, and responsiveness.

Furthermore, the advent of artificial intelligence (AI) and automation has created new market subsegments for automated guided vehicles (AGVs) and automated storage-and-retrieval systems (ASRS), both of which are growing at a much faster rate than traditional subsegments and creating significant challenges for OEMs.



### Industry Trends



Asia Pacific Material Handling Equipment Market size was valued at over USD 50 billion in 2018 and will grow at a CAGR of around 7% from 2019 to 2025. The shipments are expected to reach over 120 million units by 2025. Rapid industrialization in several countries including China, India, Japan and especially Vietnam are driving the Asia Pacific material handling equipment market.

The region is witnessing an increase in the adoption of automated technologies in various industrial sectors to improve the efficiency and performance of business processes. These countries are continuously engaged in increasing their manufacturing or production capabilities to avoid depending on other regions for the import of machine parts and accessories.

### Imports and Exports of Machinery & Equipment

Major suppliers of machinery to Vietnam have been Asian countries including China, South Korea, Japan, and Taiwan. These accounted for around 70 percent of the foreign sources for machinery in the Vietnamese market owing to their competitive prices and prevailing consumer preference. Other notable exporters have been ASEAN nations including Thailand, Malaysia, and Indonesia as well as western nations such as Germany, US, and Italy.

#### Imports and exports of machinery and equipment



Source: General Department of Vietnam Customs

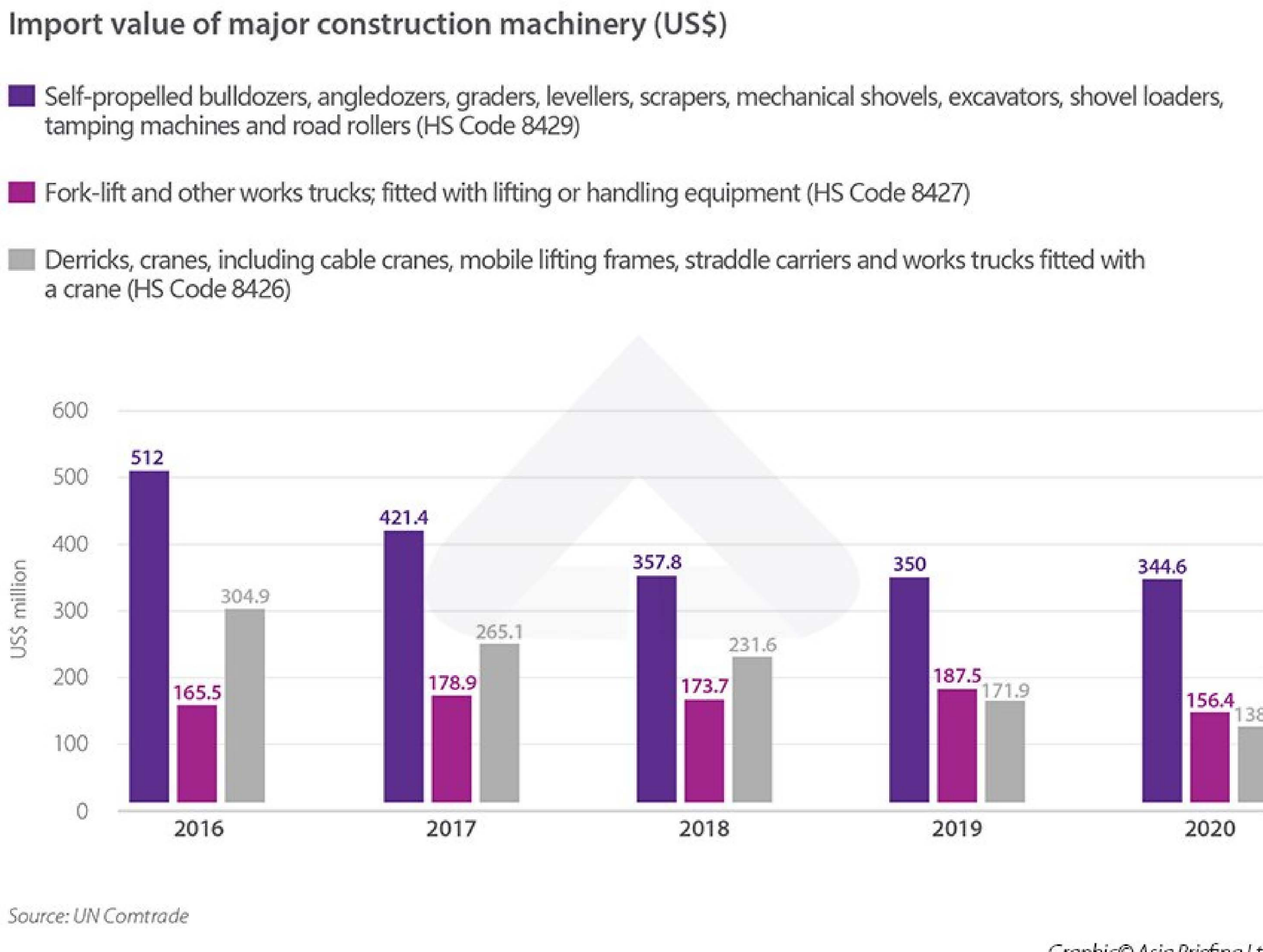
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#### Industrial machinery

Recently, Vietnam become a major alternative manufacturing destination for businesses that are seeking to diversify their supply chain amid uncertainties caused by the pandemic and the US-China trade war. In 2020, Vietnam had about 110,000 firms in the manufacturing sector, which was approximately 2.5 times higher than in 2010. Net revenue of manufacturing industries went up from US\$100 million in 2010 to nearly US\$450 million in 2019. Going forward, the most promising segment for foreign businesses is robotics and automation. According to a survey by the Provincial Competitiveness Index (PCI), from 2018 to 2020, 67 percent of both foreign and domestic investors automated a part of their operations, while 75 percent plan to automate new tasks during the next three years.

In 2021, the robotics and automation market in Vietnam was estimated to be worth US\$184.5 million. The market is dominated by foreign brands, including ABB, Yaskawa, Fanuc, Kawasaki, Kaku, Universal Robot, etc. These leading brands' customer base in Vietnam are mostly large-scale foreign-invested and private corporations with sufficient budget for investment in automation. They work closely with the authorized distributors and dealer networks in Vietnam to expand their footprint.

#### Import value of major construction machinery (US\$)



Source: UN Comtrade

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### Market entry strategy

#### Investing in the machinery sector

Foreign machinery companies and material suppliers considering opening a manufacturing and trading facility in Vietnam to produce and distribute their products locally as well as export to other markets should take into account a significant investment as well as the feasibility of structuring a stable supply chain for the Vietnamese factory. Even though Vietnam's mechanical engineering sector is rapidly expanding, only a small percentage of manufacturers are able to generate products that achieve international quality standards

#### Connecting with local partners

Collaboration with OEMs can be a successful model for some brands. However, this strategy depends largely on the type of machinery. Local producers have proven their strong capability in terms of agriculture machinery lines while being less competitive at complex industrial equipment and heavy construction machines. Participating in local Trade Show or Industry Exhibition in the International scale to Optimize the effectiveness and reduce risk of cost. Searching and joining in the local Exhibition can drive foreigner to have better vision on targeted market and the fastest method for penetrator. In the meantime, there are many different trade shows are opening and attract foreigner to participate in. Finding the right program to help optimizing the experiences and maximize the business opportunities.

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Discover the special show's sub-profile ViMAT (Vietnam Material Handling) at VME. Vietnam Manufacturing Expo is one of the leading and most comprehensive manufacturing exhibitions in Vietnam where industrialists, manufacturers, policy makers, sellers, and buyers can find all supplies, updated technologies for parts, components, and supporting industries with a premium free-to-attend business-to-business conference and networking event, hosted alongside an impressive exhibition. Featuring over 200 brands in Asia region, spectacular showcases over 35 hours of free-to-attend content and attracts over 9,000 industrialist management and engineer professionals in 3 days. VME is the ultimate platform for exclusive access to the latest technology, information, and trends to hear from industry experts and network with your peers. The 2022 event will see further development on the world-class, free-to-attend Supporting Industry conference program, showcasing expert speakers and delivering three days of presentations across a multi-stream program. ViMAT - Vietnam's leading exhibition on material handling technology and solutions for downstream process optimization

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A special campaign, so-called "Industrial Lifting Technology Exploration", aiming to the purpose of cost optimization, is on the run to financially support the exhibitors of ViMAT to join the show, esp. those are in the sector of "Industrial Lifting Technology", with lowest participation fee ever. For more details, please click on "button below"

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**10-12 August 2022**  
I.C.E Hanoi

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