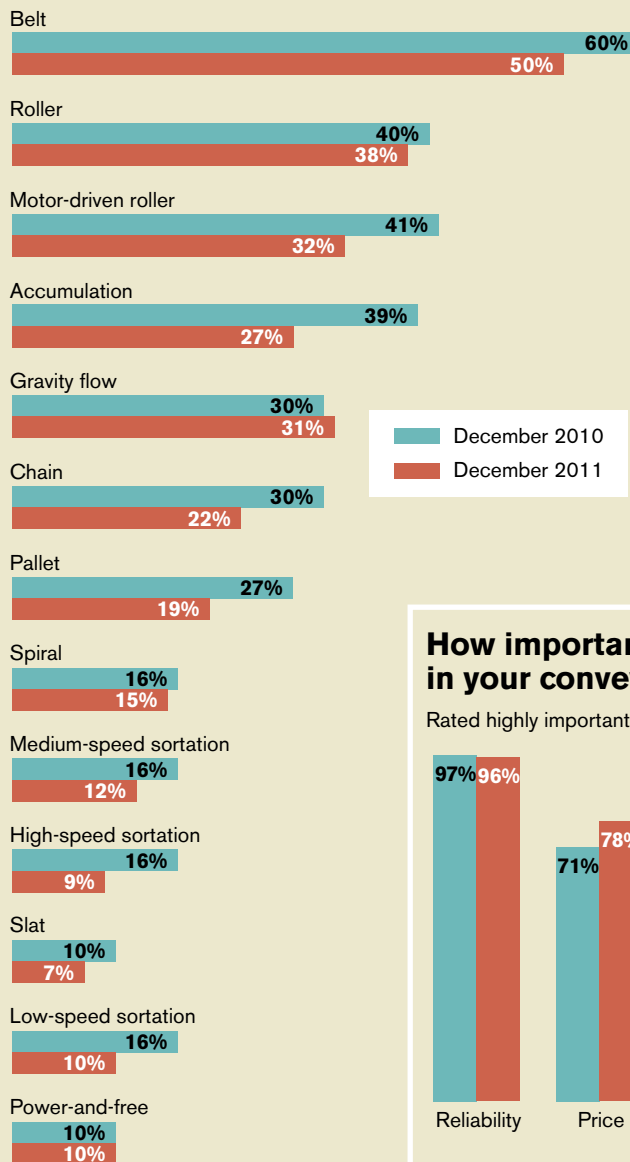


Reader survey:

Which of the following types of conveyors do you expect to be purchasing within the next 18 months?

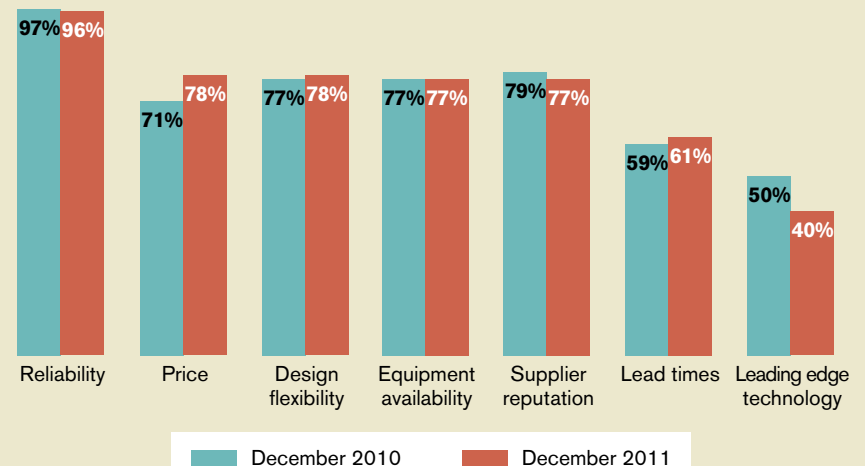


Note: Low-speed sortation: up to 50 cpm
 Medium-speed sortation: 50-150 cpm
 High-speed sortation: 150 cpm and up

Source: Peerless Research Group (PRG)

How important are each of the following factors in your conveyor purchase considerations?

Rated highly important (5, 4 on a 5-point scale)



Source: Peerless Research Group (PRG)

Conveyor technology

Conveyor purchases may be preparing for a pause, according to *Modern's* annual survey of conveyor users.

By Bob Treblicock, Executive Editor

Are new conveyor implementations poised for a hiatus? That's just one of the questions raised by *Modern's* 2011 annual reader survey on conveyors.

In 2009 and 2010, readers had big plans for the purchase of conveyors and sortation systems in warehouses, DCs and manufacturing applications. In those years, our readers spent an average of about \$300,000 on conveyors, parts and accessories during the last 12 months and planned to spend \$261,000 in the next 18 months.

This year, readers tell us they spent \$164,000 during the last 12 months and plan to spend \$193,700 in the next 18 months.

The good news: Those who are increasing their conveyor budgets in the coming 18 months, plan to spend 35% more than they did in 2011.

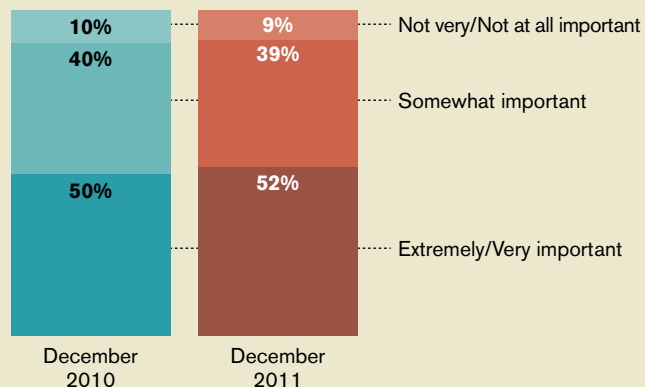
The responses could indicate that many of the facility expansions, renovations and consolidations that have been taking place over the last two years are wrapping up and the end user community is catching its breath before launching its next round of improvements.

It could also be a reflection of uncertainty over the health of consumer spending, demand in emerging markets and the strength of the bounce back in manufacturing. In fact, 26% of respondents said they were taking a wait-and-see approach and have no plans to invest at present. That compares to 22% who said they were taking a wait-and-see approach in last year's survey.

Reader plans for conveyor spending was

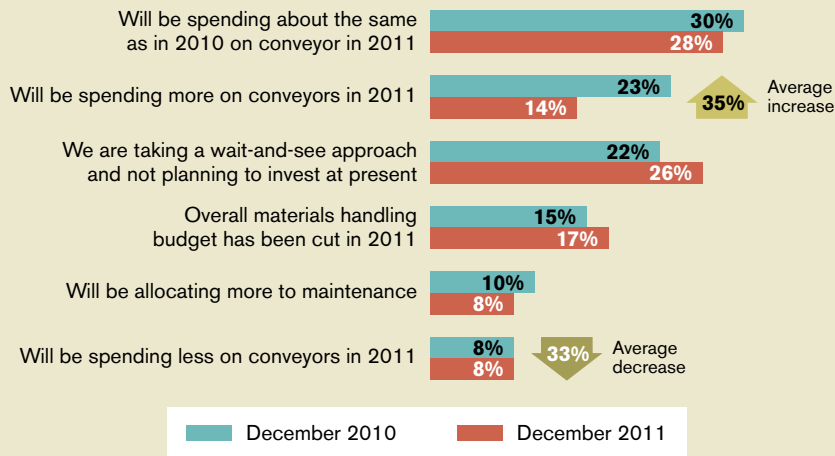
only one of the questions we asked in our annual survey. We also looked at how *Modern* readers plan to deploy conveyor technologies in the future and how they plan to purchase their conveyor technology. To answer those questions, we surveyed subscribers of *Modern* as well as a sample of recipients of our e-newsletters. We received 351 qualified responses, defined as a reader who buys or uses conveyor. The respondents represented a range of company sizes, with 26% reporting revenues of more than \$500 million, 15% reporting revenues of more than \$100 million and the remainder less than \$100 million. Average annual revenues of \$411 million was consistent with last year's survey.

How important is energy efficiency as it relates to your conveyor system?



Source: Peerless Research Group (PRG)

How is the economy impacting on your spending on conveyors and/or conveyor parts and accessories?



Source: Peerless Research Group (PRG)

They also represent a mix of manufacturers, distributors and warehouses associated with manufacturing:

- 66% of those planning to purchase new conveyor will use it in a manufacturing plant,
- 35% will use it in a distribution center, and
- 26% will use it in a warehouse.

Here are the most important results.

From belt to towline

From belt to towline conveyors, the conveyor industry offers a diverse mix of products. *Modern's* readers are employing them all (see chart on p. 24 for a complete listing):

- 67% are using belt conveyor,
- 58% are using roller conveyor,
- 50% are using gravity flow conveyor,
- 49% are using motor-driven roller conveyor, and
- 35% are using accumulation conveyor.

While fewer readers have installed sortation systems, the mix among those who have is fairly evenly divided among the different speed offerings:

- 19% are using medium-speed sortation (50-150 cpm),
- 12% are using high-speed sortation (150 cpm & up), and
- 12% are using slow-speed sortation

(up to 50 cpm).

When it comes to future conveyor purchases, the picture remains much the same for the next 18 months:

- 50% plan to purchase belt conveyor,
- 38% plan to purchase roller conveyor,
- 32% plan to purchase motor-driven roller conveyor,
- 31% plan to purchase gravity flow, and
- 27% plan to purchase accumulation conveyor.

Planning for the future

Once again, caution seems to be the watchword when it comes to future investments in conveyor and sortation systems: 26% of respondents said they were taking a wait-and-see approach, having no present plans to invest. That compares to 22% in last year's survey.

Meanwhile, only 14% of respondents plan to spend more on conveyors in 2011, compared to 23% in 2010. Another 17% said their overall materials handling budget had been cut in 2011, compared to 15% in 2010.

Just how large will those investments be? Well, 67% of respondents report that they will spend \$100,000 or less. Only 8% expect to spend more

than \$1 million on conveyor technologies over the next 18 months.

On a positive note, those planning to spend more than in the previous year will increase their spend by 35%. And while roughly 50% of respondents planning to buy say they are currently evaluating suppliers, between 20% and 25% are currently purchasing their systems.

What's more, a majority of conveyor purchases appear to be part of an integrated system. Only 37% said they were purchasing conveyor equipment only. And, 69% indicated their systems are part of a facility expansion rather than a new facility. That is up from 61% in 2010.

The majority of those purchases come directly from a conveyor manufacturer (54%) or conveyor distributor (45%).

The same holds true when it comes to replacement or spare parts, with 43% purchasing directly from a manufacturer or a manufacturer's Web site (25%), while 43% purchase from their distributor or use their distributor's Web site (19%).

Reliability counts

In an era where customer service is paramount, it will come as no surprise that reliability was considered the most important factor in a conveyor purchase (96%) by more readers than any other attribute. Price and design flexibility were the second most important features (78% for each), followed by equipment availability and the reputation of the supplier (77% for each).

Conveyor users also appear to stick with the tried and true: Just 40% of our readers said they were interested in leading edge technology.

When it comes to features, *Modern's* readers valued design flexibility (57%), low noise emission (43%), low energy/power consumption (42%), individually powered zones (40%); design flexibility (55%); and clean roller technologies (29%) in their systems.

Readers also identified the features or functions they would most like to have that are missing from their current conveyor systems:

1. greater design flexibility; ease of changing the hardware and controlling software; modularity,
2. intelligent conveying features,
3. easy to clean,
4. batch feeding, and
5. speed/variable speed.

Up and running

Conveyor manufacturers, like lift truck providers, have been developing new maintenance programs for their customers. Still, *Modern's* readers are mostly taking care of business when it comes to keeping their conveyor systems up and running:

- 78% use their own crew for maintenance,
- 11% have a service contract with a third party, and
- 6% have a service contract with a

supplier.

Only 10% reported that they are outsourcing the repair and maintenance of their conveyor equipment, the same percentage as in 2010.

Sustainability in the balance

For the first time in three years, a majority of respondents (52%) said that energy efficiency was extremely or very important as it relates to their conveyor system while another 39% ranked it as somewhat important. Only 9% reported that it was not very important.

Still, as with the last two surveys, only a handful of companies have reported receiving tax credits for such an installation:

- 49% report that they plan to investigate tax incentives for energy efficient systems,
- 39% say they have no plans to investigate tax incentives for energy efficiency, and
- 12% say they have already done so. □

