

# The Maturing Aerial Lift Industry

## Frank Scarborough



For years there has been speculation over when the market for aerial work platforms will reach maturity, much like what happened with the sold tire forklift industry about 30 years ago. We seem to be rapidly entering the early maturity stages with the acquisition of several brands by bigger corporations, including Genie by Terex, JLG by Oshkosh, and Snorkel by The Tanfield Group. Additionally, brands that have been absorbed or gone by the wayside over the years include Marklift and Condor, and a number of others in North America and Europe. The history, growth, acquisitions, and spin-offs of Hyster and Clark forklifts are not dissimilar to what is happening today within the access industry.

So what does the future hold for these once fierce, independently managed companies and their global distributor/customer networks? In a word, formality. These companies must now incorporate more formal business procedures, focusing on profitability (shareholder's return) and growth. Personal business relationships with brand loyalty at the center will give way to business relationships built on low-cost delivery and easy equipment repair and replacement.

While the forklift industry has maintained strong dealer networks involved in aftermarket support, the access industry has moved toward regional repair depots, due in part to the inability to find qualified technicians and the consolidation of the rental industry. The situation puts the industry in a position to wonder what would happen if any of the major rental companies failed. What would stop a manufacturer from entering the rental business? If regional sales don't continue to grow, a manufacturer might get into factory-owned rental or rental. If that happens, the manufacturer could potentially be competing with its customers.

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Additionally, the word commodity is being applied more to the aerial industry. "About the only difference is the paint job" has been heard more than once. Brand and manufacturer loyalty has diminished globally.

Essentially every 19-foot scissor lift manufactured and sold today performs just about equally. All 40- or 60-foot telescopic or articulated boom lifts have smooth control functions, negotiate rough terrains, and telescope to the appropriate stated height. The industry has experienced minimal true innovation since Genie eclipsed the market with its articulated boom lift in the mid-1980s.

Sure, we've seen increased platform heights, computer diagnostic features, electronic controls, electrical drive systems, and better styling, but the reality is there has been minimal innovation in the last 20 years. Only manufacturer-added incentives, such as special financing, extended warranties, and options quickly copied by the competition, provide alternatives for the rental customer or end user.

With that said, the aerial lift industry is essentially following the solid tire forklift industry. The only major difference is more than 90 percent of forklift sales go through authorized distributors that have designated areas of responsibility. Those dealers take care of warranty repairs and preventive maintenance, which can provide an additional revenue stream post-sale. History appears to be repeating itself with a moderate twist, and now the aerial industry is reaching the beginning stages of maturity.

Will growth and consolidation continue? Will we see a new entrant or two in the industry? The answer is yes to both. As standards and regulations are enhanced and updated, dictating how personnel are elevated, along with the elimination of ladders, reductions in man-hour labor costs, and newly imposed corporate safety guidelines, we will experience positive growth with machines at the lowest level under 10 feet to well above 150 feet.

Major players will continue with strategic acquisitions that will enhance market share or eliminate a competitor. We also will watch as strategic suppliers make attempts to grab a position with a new startup with the goal of becoming a full-line aerial lift manufacturer. Or conversely, a major OEM could stumble and be absorbed by a competitor or purchased outright. There are a number of viable options as this industry moves forward into maturity. ■

### From entrepreneurs to professionals

The true entrepreneurs of the aerial business – Pierre Sabot, John Grove, and Art Moore, among others – have retired or were bought out. With their departures, the industry has evolved into a more professionally run business with enthusiasm for growth and emerging markets.

Scandinavia was the first to truly embrace aerial lifts. The United Kingdom had phenomenal years in acquiring access equipment. Western Europe also adopted the concept, and Japan learned to embrace aerial lifts via the growth of Aichi. Easy and rapid transportation of aerial equipment allowed rental companies to expand globally. Despite several worldwide recessions in the last 30 years, the industry has continued to grow, albeit at a reduced pace.

This early maturity has been determined by a number of factors. Some manufacturers exited the business because of acquisitions. In other cases, management just decided to close the doors. And a few OEMs simply went bankrupt and disappeared. During this time, the customer base grew through consolidations driven by United Rentals, Hertz, and RSC.

The major manufacturers that weathered the downturn in the late 1990s became larger, increased market share, added new products, and soon dominated the global aerial lift industry. Along with that came a new professionalism within the industry. The fraternity brother mentality began to disappear and was replaced with a focus on the business at hand, determining how to profitably grow the company.

### Equal footing

The last two decades have seen significant consolidation and a minimal amount of new innovations. Truly, the geometric law prevails. To reach a certain elevation, a unit must weigh so much to offset the platform capacity and boom elevated weight. Couple that with the ever-tightening global road regulations, which reward lighter and shorter but don't help with product innovation and growth.