

TEMPERATURE CONTROLLED STORAGE

**CLIMATE
CONTROL**

With growing demand for temperature controlled storage in the Middle East, what opportunities does the sector present for warehousing and transportation companies?

It is a well known fact that severe hot or cold weather can damage products contained within storage units. The Middle East, marked by its high temperatures and humidity during most of the year, necessitates that products be stored in an environment that can guarantee quality and maintain product integrity.

As a result, demand for temperature controlled storage remains high as most modern warehouses are equipped with cooling devices. Additionally, as warehousing remains a critical component within the supply chain, it would be asinine to utilise temperature controlled transportation, as is now common, without opting for a temperature controlled storage element as well.

"The product group for which temperature controlled storage is an absolute necessity would be food and perishables. Apart from this, most consumer goods like cosmetics, creams, pharmaceutical and health care products, fashion goods and accessories, electronics, furniture, leather goods and even antiques are stored in temperature controlled environments to maintain the integrity of the product," explains Umer Shams Arakkal, general manager of Xvise Innovative Logistics in the Middle East.

"It is not merely the decision of the product owners, but in the case of certain product categories, the regulatory authorities also lay down guidelines or legislation to ensure compliance to temperature limits. These regulations need to be strictly adhered to."

The sensitive nature of products to external elements like high temperatures, humidity, rain, dust and pests make temperature controlled storage a highly desirable and necessary medium of storing products – a storage platform that would guarantee the quality and integrity of the product until end destination. Sometimes, even limited public access and security are considered as factors when opting for temperature controlled storage. For instance, in the case of products that are fragile in nature, high on antique value or sometimes in the case of sensitive musical instruments.

"Currently the region offers a vast range of temperature controlled warehouses for customers. This was not the case in the 80s and 90s where choice was limited to a handful of providers," continues Arakkal. "Today's choice ranges from global players to strong regional and local players who have established benchmarks as specialist in temperature controlled warehousing. Hence customers can avail of a variety of providers based on their individual and customised needs."

The cost of setup and operation of a temperature controlled warehouse is a significant amount higher than an ambient warehouse. However the return on investment is faster, states Arakkal, and due to high demand for temperature controlled warehousing, guaranteed as well.

In order to quicken the return on interest (ROI), companies can be innovative when it comes to the choice of technology, storage concepts, staff selection and other factors. "Once the temperature controlled warehouse is set up, all it requires is periodic maintenance and monitoring. Return on investment is faster compared to ambient warehousing," states Arakkal.

So, what are the challenges of temperature controlled storage? "Essentially the customer is in business with a service provider that has temperature controlled storage in order to maintain the integrity of the product. Having said this, it is the responsibility of the service provider to ensure that the contractual obligations and expectations of customers are met in terms of handling the product, storage and distribution of product to the market at the appropriate temperature requirements without any break in the system along the chain," says Arakkal.

"There are plenty of gadgets available in the market to monitor this practice. Backup systems are vital to a temperature controlled environment in case of emergencies. Of equal importance, the staff handling the products need to be trained in order to ensure their own safety and provide a quality service to the client. Another area of concern is the cost of operation for the provider, as he should embrace specific technologies and processes that would ensure quality operations at minimal cost and breakdowns. This would touch upon the areas of racking, IT and business processes, staff training and so on."

There are many international, regional and local companies offering temperature controlled warehousing in the Middle East. The distinction between these companies mainly depend on the scope and quality of services afforded to clients. Most international companies focus on the end-to-end supply chain that includes freight forwarding, transportation, ground handling, documentation, warehousing and deliveries to the marketplace. Customer contracts with these providers are typically global in nature. On the other hand, regional operators and local operators may focus only on their core strengths without taking too many risks. "An interesting point to note here is that year-on-year, companies are improving their benchmarks and operating standards in order to meet customer expectations, provide better value for money for customers and to ensure compliance with local regulations and law enforcement bodies," says Arakkal.

The demand for temperature controlled storage has been on the increase and yet there is still a shortage of 'quality' supply in the Middle East region, he argues. "Perhaps demand has indeed softened due to the current market conditions, however we need to assume this is a temporary situation and the market will rebound. Cost of quality temperature controlled storage will most certainly rise, but price escalation will be at a slower pace and not compared to the scenarios of yester-years."

It seems customers will have their choice due to increased competition and operators will have to differentiate themselves in order to attract and retain business. "The retail market is booming in the Middle East and most of the retail customers require temperature controlled warehousing in order to maintain the quality and integrity of the product. Hence even if price is a factor, the important aspect for the operators is to ensure quality service and professional retail expertise to clients," ends Arakkal. ■