

Kubota maintains its status as world's leading compact excavator manufacturer

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"We produce efficient and reliable machines. As we are specialists, we have a very extensive range. In addition, Kubota has always made a particular effort to ensure the solidity and durability of its networks" says Olivier Vanneufville.

The compact excavator market will have seen growth in 2014. Yet despite several years of recovery it will still not have returned to its pre-recession levels. The compact excavator, defined as a hydraulic excavator with a maximum tonnage of 6t, has become a primarily European machine. Kubota, the undisputed market leader, is making steady progress. Olivier Vanneufville, the Public Works division director at Kubota Europe SAS, the French subsidiary of the manufacturer, explains Kubota's strategy and sets out its objectives in France.

Intermat Blog: How has the global compact excavator market fared in recent years?

Olivier Vanneufville: 97,000 compact excavators were sold throughout the world in 2013. The market reached a peak in 2007 with 127,000 machines, excluding China, where figures are not available. Then it dropped to 88,000 units in 2008 and 41,500 in 2009! Then it turned back up again: 60,300 units in 2010, 83,000 in 2011 and 93,000 in 2012. The first 9 months of this year saw the sale of 87,600 machines compared with 71,600 for the same period in 2013. We are therefore still growing.

IB: Who are the main clients?

OV: They are European. In 2007, Europe was behind the purchase of 69,500 machines, but only 21,600 in 2009 and 35,900 in 2013. For the first nine months of this year, Europe accounts for 35,000 machines. Next in the ranking is Japan with 29,100 in 2007, 11,100 in 2009 and 28,600 last year. It remains ahead of North America, which together with the "rest of the world" (excluding China) accounted respectively for the purchase of 28,100, 8,800 and 22,500 machines.

It is worth noting that Japan has remained in a constant state of depression and North America is responsible for the most violent movements. This is undoubtedly the consequence of the investment policies of American equipment rental companies, and more generally of those in the English speaking world. They overreact to the movements in their market. They have a short-term vision, and the fiscal treatment of their depreciation is also works in this direction.

IB: The American market appears to be quite weak.

OV: It's the country of the skid steer loader and the backhoe loader. The position of skid steers in the US is similar to that of compact excavators in Japan. In fact, the US makes up half of the world market for these loaders. But I think they will start to increasingly turn to compacts. As in Europe, the duo of compact excavator plus loader will gradually replace the backhoe loader.

IB: What is Kubota's market position today?

OV: We are by far the world leader, with 26.5% of market share in 2013 compared to 24.3% in 2012 and 19.3% in 2007. We are now in front of Yanmar, Hitachi (cumulating the sales under the brand name and

those provided to John Deere in the USA), Caterpillar, Bobcat, Komatsu, Takeuchi, JCB, Kobelco and Volvo.

IB: How have you succeeded in becoming leader?

OV: We have been leaders for many years now, and we have been making further ground all the time. We would be quite happy to have 30% of market share... But it hasn't happened by chance. We produce efficient and reliable machines. As we are specialists, we have a very extensive range. In addition, Kubota has always made a particular effort to ensure the solidity and durability of its networks, which therefore have greater resistance than others during times of recession. And that's how our brand has become well-known throughout the world.

IB: According to SEIMAT*, the French market dropped by 3.4% in 2013 at 7,635 units compared with 7,905 in 2012, despite an increase in purchases by rental companies, amounting to 2,685 compacts versus 2,387 in 2012. What are your forecasts for this year?

OV: The sales figures to rental companies as provided by Seimat are not comparable from one year to the next. They add together the direct sales to key accounts, who are not necessarily all rental companies, and omit the sales to rental companies made by distributors. Total sales from January to September 2014 increased by 13% in relation to the same period in 2013, with a rise in direct sales of 12.5% and 14% for other channels. This would tend to prove the share of rental companies in this latter category. I would estimate that French rental companies account for 60% of sales of compact excavators.

IB: Are these your clients?

OV: We want to gradually establish ourselves over time. This is why we sell to small businesses and regional rental companies. We cannot count on long-lasting sales with the big names in rental.

IB: You also sell earthmoving machinery. Where do they fit into your strategy and what are your objectives?

OV: We are leaders on the French compact excavator market, in front of Yanmar and Bobcat, with a market share this year of 26 to 26.5%. We also sell wheel loaders from 250l to 800l. We are aiming to reach 10% of market share in 2015. But we could go even further. Industrially speaking, there isn't a substantial difference between producing compacts and producing excavators up to 10 tonnes. Becoming the market leader in compact equipment would certainly make sense.

IB: Do you lack any equipment to attain this goal?

OV: Kubota is thinking about this. But our mother company is developing things in all of its branches, and choices will have to be made. In the meantime we are going to help our network to develop. It knows its market the best and we are working on service offers which are capable of stimulating sales by helping our clients.

IB: With a financial package?

OV: It's not necessarily connected, but it may be an adjusting variable. The subject of a finance arrangement offered by Kubota is up for discussion.

IB: What are your forecasts for 2015?

OV: I think it will be a good year for rental companies. But I don't think they are going to invest massively.

* Trade association for international companies dealing in machinery and equipment for public works, mines, quarries, buildings and lifting.