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Heavy Equipment Industry Trends

North America - May 2022





Current Heavy Equipment Industry Market

The Heavy Equipment market is currently experiencing similar supply problems as those occurring in the Automotive industry. Many equipment brands and models are on backorder for months leaving contractors challenged to meet job commitments. Ducker & Carlisle have been in the field talking with equipment owners, dealers, parts manufacturers, and OEMs about the methods being used to combat this issue and remain competitive.

Problems Obtaining Needed Equipment in 2022

Nearly all brands are experiencing lead times of 6 to 12 months on popular models and equipment types. This is causing a significant bottleneck during a time when government infrastructure spending is high and residential construction activity is strong.

Equipment dealers are actively working to support customers by doing things such as maintaining a rental fleet that can act as a gap fill while customers wait for new equipment to arrive, purchasing low hour off-lease equipment that can be sold as 'Certified Used' machinery, and offering enhanced maintenance and repair services to keep equipment operating for longer at peak performance.



The equipment availability issues have opened the door to new market entrants to North America. Chinese and other Asian manufacturers have set their sights on the North American market for over a decade, but experienced significant barriers to entry. Those that are able to provide equipment quickly are finding that North American buyers are more willing to consider alternative brands in order to fulfill their equipment needs. Those that have tried these products indicate that they are satisfied with the initial quality.



The OEMs are now scrambling to ensure that aftermarket support is readily available, and success in that area is likely to drive repeat purchases in the future.

Significant Challenges Facing Businesses This Year

Many of the challenges that have been plaguing the industry over the past 5 years are being amplified this year. These include staff shortages and increasing raw material cost.

There has been ongoing concern in the industry that there are a significantly higher number of Operators and Repair Personnel retiring or otherwise leaving the industry than those preparing to enter the field.

One lever that has helped contractors attract talent recently has been with the addition of technologically advanced new equipment that supports new operators in achieving a similar level of performance as their predecessors. A company that maintains a fleet of older, less featured equipment are at high risk of losing up-and-coming employees to their competitors. Companies are competing for employees on a level that has not been experienced in the past. In addition to offering the best equipment, companies are using incentives such as signing bonuses, significantly higher hourly rates, and better benefits packages to attract and keep staff.

The increased staffing cost is compounded by increases in the cost of fuel and other raw materials. Prices on fuel, parts and building materials are changing on a daily basis. The business model used by most construction companies is to quote the job up-front and they are then expected to work within the set budget. This is placing a major squeeze on the gross profit margins of these organizations and causing them to search for opportunities to save money and reduce downtime as much as possible. This is opening the door to products such as Maintenance and Repair agreements that allow the maintenance and repair cost to be predictable and consistent.

How Challenges Have Changed Business Practices

In general, contractors are more open to alternative brands and methods to remain profitable while meeting deadlines. They are pushing their in-house repair team to do more of the needed repairs to avoid the delays at the dealership or repair shop. They will also shop at a wider variety of parts shops to get the parts that they need. This includes considering rebuilt or even scrapped parts that will allow the machine to remain in operation.

The current environment is also extending the lifecycle of the equipment in the fleet. Previously, they may have traded a machine with 5,000 hours for a new model, but now are choosing to keep these units in the fleet. This is causing them to look at doing overhauls on the engine, transmission, or hydraulics system that they have not had to do before because the machine was sold before a major rebuild was necessary. This is extremely challenging because the cost of these repairs is high, they require significant downtime, and the longer lifecycle reduces resale value. It is hitting their bottom line.

How Ducker & Carlisle Help Heavy Equipment Businesses Stay Competitive

Ducker & Carlisle use their heavy equipment industry experience and extensive network of industry professionals to help companies to remain a step ahead of the market changes. Their full suite of service offerings can provide support for a wide variety of activities including the following which are frequently requested by companies in the heavy equipment industry.

- Testing new product or service concepts that could help customers be profitable in the current environment
- Understanding what is driving current decision processes
- Determining how your company is positioned relative to other suppliers from the perspective of the market
- Monitoring how your competition is reacting to cost increases, and how their price reaction correlates to market share
- Benchmarking your parts and service pricing relative to other manufacturers in the industry
- Setting a value-based pricing strategy that will resonate in the current market dynamic
- Developing software tools to assist your team in quoting and delivering within a new pricing structure

Who We Serve

Ducker & Carlisle serve leading firms including component suppliers; manufacturers of engines, construction equipment, agricultural equipment, utility and access equipment, and mining equipment; rental companies; and dealerships.

Agriculture & Forestry

- On-going voice of the customer engagement via online farmers community (UK)
- Brand equity assessment for precision farming solutions (Europe & Russia)
- Customer journey mapping, focus on digital opportunities (Europe)

Earthmoving

- Customer segmentation analysis (Global)
- Excavators pricing analysis (Global)
- Large excavators voice of the customer (Europe, South Africa)

Material Handling

- Material handlers market opportunity assessment (Europe)
- New product evaluation via online focus groups (Europe)
- Product needs assessment and pricing Analysis (Western Europe)

Mining & Quarrying

- Market opportunity assessment for mining products (Latam & Africa)
- Mining companies voice of the customer analysis (Global)

Tools & Attachments

- Customer journey mapping for heavy machinery attachments (Europe & NA)
- Brand equity assessment for heavy equipment tools (Europe)

Work Platforms

- Growth forecasts and predictive analysis of selected AWP markets (Global)
- Market opportunity assessment for AWP (Global)



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