



Cover Story

# Hitachi Construction Machinery: Building New Business in the Americas

Some 72 years after Hitachi began full-scale production of machinery for the construction industry, Hitachi Construction Machinery is rising to meet what it calls the “Great Challenge.” The company has terminated the agreement it had with Deere and Company of the US, the largest company in the agricultural machinery sector there, after a 35-year cooperative stance since 1988. From March 2022 it began business in the Americas (North, Central, and South) independently. The move will demand an enormous investment, but bears the potential of enormous business success. We flew to the US to talk directly with Hitachi Construction Machinery Americas people for a clearer understanding of the reborn company.

Text: Shumon Mikawa Photo: Norio Sekine

“Great Challenge” after 72 Years of Construction Machinery Production

## Building the Foundation for Future Growth across the Americas

At a quarry just outside Milford, New Hampshire, a huge ZX350 hydraulic excavator, with a white “Hitachi” logo painted on the side of its orange arm, roars. “Operation is simple, and it’s got enough power to smoothly handle the job,” says the operator as he steps down. Excavators like this are symbolic of the new business effort by Hitachi Construction Machinery in the Americas.

### Providing Service Targeting Customer Needs

The prior business arrangement with Deere and Company meant that excavators manufactured by Hitachi Construction Machinery were painted in Deere’s company colors, and sold throughout the Americas via the Deere dealer network.

Now that the agreement has been terminated, though, Hitachi Construction Machinery will have to rebuild its business and handle everything itself. That makes it possible to more accurately understand its dealers and the market overall, the situations at job sites, and information on required parts: Hitachi Construction Machinery itself must now provide whatever its customers demand.

The greatest merit is that the firm will now be able to exclusively manage operational and maintenance data for its machinery, through the ConSite service solution available on the market for years. Hitachi Construction Machinery does more than merely hand over the purchased product: since 2010s, Hitachi Construction Machinery’s value chain based on user information has been a profit maker.

The system works on-site to boost work efficiency, and provide preventive maintenance schedules (maintenance and replacement) for customers in need of long-term continuous operation. The information is shared with dealers, who can use it to make sure parts are on hand when needed and deliver them promptly. The

system also offers technical support for construction machinery, including safety, electrification, and autonomous control. The effort has significantly boosted customer satisfaction, and facilitated new customer development.

The Americas represent the largest market in the world, accounting the 10 trillion yen global construction machinery market, 40% of construction sector and 30% of mining sector respectively. A good relationship with customers there is key in any global strategy. The whole range of products from small excavators to giant ore mining systems can be sold in the largest machinery market.

Consolidated financials for the Hitachi Construction Machinery Group for the year ended March 2022 show sales in North America accounted for 17% of the total. There is ample room for growth. Recognizing that the company had no future without success under its own name in the Americas, it began negotiating with Deere to terminate the agreement from 2017.

### Three Factors to Boost to Independence in the Americas

The two announced their divorce in August 2021, to be implemented by the end of February 2022. Hitachi Construction Machinery immediately began revamping itself at a feverish pitch.

Fortunately for Hitachi Construction Machinery there are three developments in the Americas that make things easier, the first of which is the Infrastructure Investment and Jobs Act enacted in the US in November 2021. Designed to empower next-generation global competition, the law signed by President Joe Biden invests in improving and rebuilding aging infrastructure, primarily roadways, bridges, and public transport such as rail and bus networks. In North America, especially the US, this means demand for construction machinery is likely to soar as large-scale construction and

civil engineering projects take off.

Second, surging resource and energy prices have stimulated mine development. While coal mining remains slow as society trends away from coal energy, demand for large mining equipment continues to show strong growth in Latin America for metal ores such as copper, iron, gold, and in North America for shale gas development. Third is the currency exchange rate. Hitachi Construction Machinery manufactures everything from parts to the finished machines at factories in Japan and exports them to take advantage of the favorable exchange rate.

“Reputations are built on it.” That’s the slogan used by Hitachi Construction Machinery Americas when it began selling its wheel loaders directly in the Americas in 2017. Now, the slogan is just perfectly timed for its transition in the whole Americas market.

Hitachi Construction Machinery seems to have timed its sales launch in the Americas perfectly. A more detailed description of how things have changed follows.

### Highlights of Hitachi Construction Machinery activity in the Americas

- Aug. 1978**  
US regional office opened
- June. 1988**  
Business agreement signed with Deere and Company of the US
- 2017**  
Start selling wheel loader under Hitachi brand
- Jan. 2018**  
Hitachi Construction Machinery Loaders America, Inc. established in Georgia, USA; start of direct wheel loader sales outside the Deere agreement
- Aug. 2021**  
Announcement of pending termination of agreement with Deere for business in the Americas
- Oct. 2021**  
Hitachi Construction Machinery Loaders America renamed Hitachi Construction Machinery Americas Inc.
- Mar. 2022**  
Hitachi Construction Machinery Agreement with Deere ends; Americas begins independent business activity throughout the Americas
- Mar. 2022**  
Parts distribution center opened in Jackson, Georgia