

As Hitachi Construction Machinery expands its business, it places great importance on engaging deeply with dealers and customers and finding out what kinds of products, technologies, parts and services are needed on job site. We interviewed American dealers who handle Hitachi Construction Machinery products and customers who use them on their sites.

## Frontline of Americas Construction Machinery Business

① From the State of New Hampshire

### Dealer's Voice

company:Chappell Tractor Sales

### Cultivates Customers in New England, Where Hitachi Construction Machinery Is Seen as Very Reliable

As Highway 13 passes through dense coniferous forest in Milford, New Hampshire, there is a white-walled building with a stylish triangular roof in a roadside lot. Inside is a showroom rather reminiscent of a small DIY store. It contains compact construction equipment and tractors, as well as an area selling various items related to construction equipment and original clothing.

Hitachi Construction Machinery Brand Took Off Quickly

Chappell Tractor is a dealer with its

head office in that area. Its business extends throughout the New England region, in states such as New Hampshire, Massachusetts and Vermont. A big dealer even for the US, it is a company that has become a fervent 'evangelist' for the Hitachi Construction Machinery brand.

"It's been five months since Hitachi Construction Machinery Americas started doing its own marketing, and we've already received orders for dozens of units from our customers. I think the most important factors have been the power and excellent handling

performance of the equipment, plus the deep-rooted confidence in the Hitachi Construction Machinery brand that exists in this area."

Those are the words of Corey Chappell, the 4th generation President of the family-run business Chappell Tractor. In addition to selling new and used construction machinery and agricultural equipment, Chappell Tractor's business also includes areas such as rentals, parts, maintenance and repair services, and financing for purchases. Medium- to large-sized hydraulic excavators from various manufacturers were lined up in the lot, among which were several Hitachi Construction Machinery equipment, including the ZX490 and ZX250, that were awaiting shipment.

"There was another dealer that sold a lot of Hitachi Construction Machinery products in the 1980s and 90s, and people here still remember the excellent brand image and how strong the products were. New England is a region that places particular emphasis on connections which build trust through word-of-mouth and personal networks. I think that has been tremendously helpful in establishing confidence in Hitachi Construction Machinery," explained Chappell



Goods and apparel related to construction machinery are lined up neatly in the shop.



Corey Chappell President (left), and Brad Chappell Vice President and CFO (right)

Tractor Sales Manager Flip Henry.

Listening to Dealers and Customers Is the Key to Success

When Hitachi Construction Machinery terminated and dissolved its partnership with Deere, one major concern was whether it could successfully inherit the dealer network with sales bases throughout the Americas.

Vice President Brad Chappell explained, "We'd heard from Hitachi Construction Machinery Americas that Hitachi Construction Machinery Head Office in Japan would more

than triple the number of employees in the Americas, send a large number of human resources from Japan, and increase investment in areas such as the parts business and support for dealers. When we saw how serious you are about it, we decided to continue our relationship with Hitachi Construction Machinery Americas, as we thought we could expand our business further by selling excellent products and services."

"We are offering various attachments such as tilt rotator, because we must deliver excavators along with market needs," said Henry. "Listening to



Flip Henry, Sales Manager of Chappell Tractor.

dealers' and customers' voice is the key to success in the North American market," he stressed.

### Customer's Voice

company:Leighton A. White, Inc.

So, what do Chappell Tractor customers think about Hitachi Construction Machinery? Leighton A. White, Inc., also headquartered in Milford, New Hampshire, is an important Chappell Tractor customer. Its main businesses are construction

and civil engineering, and the development and sale of construction and landscaping materials. It is expanding its business from its strongholds in New Hampshire and the northern part of Massachusetts, where the state capital Boston is located.

Dale White, the 2nd generation President, told us, "My father started the business in 1978. Our history began with initially managing farmland in New Hampshire for companies and investors based in Boston, as well as doing construction work. We

### Impressive Simple Operability that Does Not Burden the End-User with Heavy Costs





later moved into the construction of NCAA football fields and large-scale landscaping, for the purposes of which we started to buy construction equipment. So far we've bought more than 200 equipment from Chappell Tractor."

**Seen as the Very Best for Mining Machinery**

Leighton A. White has 50 employees and owns a total of around 80 pieces of machinery and trucks. I try to buy between four and five pieces a year every year, though our accountant will get pretty upset. The two equipment of Hitachi Construction Machinery we bought were priced in an area that I felt was very fair in terms of cost-effectiveness."

The Milford-based company is engaged in various businesses, but over the past five years it has focused particularly on the construction materials business, on materials such as sand, gravel, stone and concrete aggregate. It runs five sand and gravel pits in New Hampshire, one of which has Hitachi Construction Machinery equipment in operation: a ZW370 wheel loader and a ZX350 hydraulic

excavator.

White said that he chose the Hitachi brand because he has "always felt that Hitachi has premium products," and that is why he bought the wheel loader and hydraulic excavator through Chappell Tractor.

He confided that the nature of his work means that dealers other than Chappell Tractor try to sell him machinery, including equipment made by other manufacturers, but White said frankly, "What's very interesting is that everyone, including our competitors in the construction industry, is interested in the usability and performance of Hitachi Construction Machinery products."

How about the actual user experience? White commented "Well, first of all, Hitachi Construction Machinery engineers have kept the equipment simple. Other manufacturers install computers and add lots of functions, so the control panels and buttons are getting so complex."

He added, "When control panels and functions are made more complex, it creates so much additional cost to us as the end user when a malfunction



Dale White President

causes downtime. That doesn't happen with Hitachi Construction Machinery equipment because they're really simple. I feel that they have found a balance between technology and the button and the knobs."

White provided a stream of requests that could only come from someone with on-site expertise. "It's mandatory in New Hampshire to have fire extinguishers inside construction machinery, so it would help us contractors if you could make places for those in the cabs. And we'd also like you to build in a place for a CB or a two-way radio for communication between sites and with the office."

He told that theirs is a family business, and that his brothers and sons often operate Hitachi Construction Machinery hydraulic excavators. "My youngest son said that the air conditioning in that cab is unbelievable. We joked that it's so cool you could hang meat in there," White chuckled.

The new insights Hitachi Construction Machinery Americas have gained into the different ways their equipment are used will open up new possibilities as they independently expand business in the Americas.



Austin White, an hydraulic excavator operator.

**Frontline of Americas Construction Machinery Business**

**② From the State of Ohio**

*Dealer's Voice*

company: RECO Equipment, Inc.

**To Grow with Hitachi Construction Machinery and to Enhance Our Parts Business**

We've been looking forward to Hitachi's come-back for a long time. As a dealer, we're very excited to be a partner with Hitachi Construction Machinery Americas. In particular, we applaud the decision to start selling hydraulic excavators here. There really are a lot of people who've been waiting for the Hitachi Construction Machinery 'orange machines'," Josh Gasber, Chief Executive Officer of RECO Equipment, a general construction equipment dealer headquartered in Belmont, eastern Ohio, said emphatically as he welcomed the new launch of Hitachi Constructions Americas. His company has dealt with Hitachi Construction Machinery since the time of the partnership with Deere, and is one of the influential dealers that have continued dealership agreement even after that alliance was terminated.

**Good Resale Value and People Are Proud to Buy Them**

RECO Equipment operates over a very wide area. It has 27 offices, not only in locations throughout Ohio but also in western Pennsylvania, West Virginia, Indiana, Michigan, North Carolina, South Carolina, Virginia, Kentucky, Tennessee and Florida. With around 330 employees, it sells new and used construction equipment, and has also expanded into areas such as the parts and rental businesses. It handles products from other overseas manufacturers in addition to those of Hitachi Construction Machinery.

At the Main Office site, Hitachi Construction Machinery mini and medium-sized hydraulic excavators and wheel loaders were closely lined up. Gasber told us that they have



Many wheel loaders are lined up at RECO Equipment lot.

placed orders to purchase 250 units since March 1, 2022, when Hitachi Construction Machinery Americas started to independently expand business operations in the US. He explained why they had ordered so many units: "Hitachi Construction Machinery products have got good life, good reliability, are highly respected, and have got good resale value. They really check a lot of the boxes for what

you want a construction machinery product to do. We're proud to sell them and people are proud to operate them."

Ohio is known for its abundant natural resources, mainly located in the east of the state. RECO Equipment was founded in 1983, in the city of Belmont where it still has its main office. In the early days it handled products such as equipment used in the strip mining of coal.



Josh Gasber President



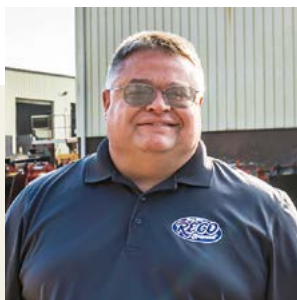
Chad Gilman Vice President



Equipment from Hitachi Construction Machinery plays an active role in excavating and transporting gravel.



## ② From the State of Ohio



Dave Totterdale, General Sales Manager of RECO Equipment.

### The Aggressive Business Stance Is Very Welcome

Gasber joined the company in 1994 in an accounting function, starting out in the warehouse before working his way through nearly all the positions in company. During the global financial crisis of 2008, he and two others bought shares from the then-owners, and he became Chief Executive Officer this year, in 2022, at the age of 52 after the other two had retired. He runs the company with family and

friends; Vice President of Sales Chad Gilman and General Sales Manager Dave Totterdale are childhood friends, and together they have built up an extensive network selling construction equipment across a wide area of the eastern United States.

Talking about the relationship between RECO Equipment and Hitachi Construction Machinery Americas, Gilman explained, "RECO has been a very aggressive company right from when it was founded in 1983. A lot of manufacturers don't necessarily have that same mindset, but we've been wanting to partner with a manufacturer that's going to come in here and be as aggressive as we expect ourselves to be. It seems like they want to move independently into the US market and do some really big things. So we decided to partner with Hitachi Construction Machinery Americas as they have the aggressive business stance we've been hoping for."

Quite early on, RECO Equipment created a database of all the parts used in construction machinery and has built a system that makes it easy to order parts over the Internet. The convenience that offers has won it customers in each region and expanded its business.

When asked about Hitachi Construction Machinery's technological capabilities, Gilman said, "The technology's just a piece of the future. All the manufacturers are moving in the same direction. I think highly reliable machines are what a lot of our customers are looking for now. They don't want the technology to interfere with their ability to work. In that respect, Hitachi Construction Machinery equipment isn't over-engineered. The technology doesn't become a hindrance to the operation, and the high level of reliability is maintained. I think that's what makes it attractive to many customers."

## Customer's Voice

company: MPR Transloading and Supply Chain Solutions

### Tough Equipment to Withstand Harsh Environment

**B**ellaire, Ohio-based MPR Transloading and Supply Chain Solutions, that handles construction materials and energy development materials, is a customer of RECO Equipment.

The company's facility on the bank of the Ohio River handles a very fine-grained sand known as 'frac sand' which is natural crystalline silica with a diameter of about 0.1 mm that is made by processing high-purity sandstone. The frac sand is used in the drilling of the shale gas wells that have been actively developed in eastern Ohio.

#### ■ Frac Sand for Shale Development

Frac sand is used as a filling material that is injected into holes and crevices when shale is drilled. This method is

called 'fracking (hydraulic fracturing)' and the name frac sand is derived from it. Natural gas and oil can be extracted at low cost by pumping frac sand into the fractures of the shale layer and pressurizing it.

MPR President Natalie Brown explained, "Frac sand is a very difficult material to handle since it consists of very fine particles. Those fine silica particles will cause health damage if they enter the human lung. So we got RECO to modify and improve our highly-reliable Hitachi Construction Machinery wheel loaders so that we can use them to collect and transport frac sand."

A mechanism to prevent fine sand from entering the cab where the operator of the wheel loader rides has



Natalie Brown President

been adopted; the air pressure inside the cab is raised so that air does not flow back in from the outside. Additional ingenious measures to handle frac sand include fitting solid tires to improve the suspension, and adding protection (a protective wall) to the underbody.

"We've used three Hitachi Construction Machinery wheel loaders so far, and have them in constant operation for 5,000 hours a year, in day and night shifts. Even so, there have



It can operate for a long time even in an environment where fine frac sand floats.

been no major problems. We've tried other manufacturers but always end up going back to Hitachi Construction Machinery. The decisive factors were the ease of maneuverability so the wheel loader can turn in tight spaces, and its excellent reliability to withstand long-term operation in a very extreme environment," Brown commented.

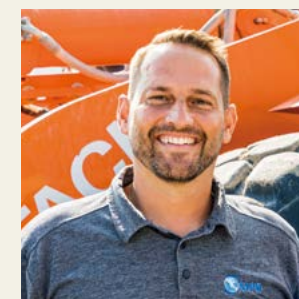
#### ■ Parts Being Easy to Handle Is a Plus

Another advantage is the availability of a large number of parts. Justin Brown, Natalie Brown's husband and Vice President of Operations at MPR, explained another decisive factor in their decision to use Hitachi Construction Machinery: "We don't

only transport frac sand between warehouses. Other tasks include loading other stones and sand into trucks, so we often have to change the front bucket so that the wheel loader can be used for a variety of purposes. We decided that Hitachi Construction Machinery's wheel loaders had a great advantage in terms of front bucket versatility and the fact that part can be switched."

The scale of the frac sand market is expanding year on year around the world with the development of shale gas, which is being driven by high resource prices and energy demand in emerging countries. One research organization predicts that the global market for frac sand will grow from \$6.32 billion in 2021 to \$10.67 billion in 2027.

"Just like the construction industry, the mining industry, which includes the development of resources such as shale, is expected to see more and more cases over the next five years where a variety of different machines and parts are utilized. In particular, demand for parts that can be easily replaced simply by tightening bolts will continue to grow steadily," predicts Josh Gasber, CEO



Vice President Justin Brown also operates wheel loader.

of RECO Equipment. While agreeing with Hitachi Construction Machinery Americas' plan to expand its parts business, Gasber also presented a new proposal, saying, "We can make arrangements for land here in Ohio, so I'd like Hitachi Construction Machinery to use its commitment and financial wherewithal to build a new parts warehouse."

Dealers with strong faith in and high expectations of the equipment are pinning their hopes on Hitachi Construction Machinery. They have made clear their enthusiasm for "partnering with Hitachi Construction Machinery to grow together" in the Americas market, where construction demand and the mining business are expected to expand even further.



Wheel loader "ZW250" makes loading work efficient with smooth rotation of the bucket.