

GLOBAL REPORT

CONSTRUCTION EQUIPMENT 2016

UNIQUE CONTENT AND INSIGHTFUL OPINIONS ON THE SHIFTING MOVEMENTS WITHIN
THE MARKET BY THE INDUSTRY'S MOST INFORMED AND INFLUENTIAL SOURCES



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SEEING IS BELIEVING AS VIDEO TRANSFORMS THE INDUSTRY

How are video and dedicated digital channels being used to deliver effective machine introductions, operator training and brand awareness campaigns? Will construction equipment operators use a remote screen on the desk to learn all they need to know in the future? *Clive Davidson* talks to Caterpillar, Komatsu, Hitachi, Volvo and Trimble to see if the future is already here. The numbers are staggering

When Caterpillar launched the first of its “Built For It” brand awareness videos on YouTube in April 2014, a two-and-a-half minute sequence of some of its construction machines playing a giant version of the block stacking game Jenga, it received a million views in less than 48 hours. Since then the video, titled ‘Stack’, has been watched by over two million more people.

Given that the company’s aim was to grab attention and promote itself as more “human, relevant and approachable”, it was wildly successful. “The Stack video proved that by creating something non-traditional, unique and engaging we were able to reach audience we never reached before,” said Nicole Serena of Cat Global Brand, who manages the Cat Products’ YouTube channel. Subsequent videos in the series have shown Caterpillar equipment being used in a variety of eye-catching situations, including building sandcastles, playing tug-of-war and manoeuvring around a china shop.

While the Built For It series is something of a departure for Caterpillar in terms of breadth of its appeal, the company, like most other major equipment manufacturers, has been using video and digital channels to target a wide variety of audiences for some time. At a corporate level, it delivers messages aimed at investors, potential employees and local communities, and at the brand level it aims at brand enthusiasts, customers, potential customers and operators. Caterpillar’s dedicated brand level YouTube channel has almost 53,000 subscribers and has had almost 40 million video views since it was launched in 2008. “We also target different customers and potential customers by segments, such



as mining, construction, and forestry,” said Serena.

The focus on video as a communication medium by construction equipment manufacturers is understandable given the rise of video consumption in general. Increasingly, it is the way people expect to discover information, assess products and learn about their application. YouTube, the largest online video platform but by no means the only one, has over 1 billion users and researchers predict that over 70% of consumer internet traffic will be video by 2017.

“A YouTube channel is a must-have for construction equipment manufacturers today,” said David Billion, digital marketing coordinator at Komatsu Europe International.

“It’s an effective way to promote our brand to our customers and potential customers.”

Like Komatsu, Caterpillar and other manufacturers, Trimble has its own YouTube channel – several channels, in fact, aimed at different audience segments – and believes that video offers the best way of explaining its products and their features and benefits. “With a portfolio of sophisticated global positioning system and global navigation satellite system equipment, products can appear more complicated than they really are. Our solutions have a wide range of applications and are targeted at different audiences, from construction foremen to engineers and designers. Video does a great job of providing an overview of technology, and we can also go



FAR LEFT: A dedicated video channel is a must-have for construction equipment manufacturers today

LEFT: Caterpillar's Built For it programme has been enormously successful in delivering a message to a wide audience

BELOW LEFT: Video content can also be used to give customers a better understanding of how logistics operations work



into greater detail, depending on the audience, when needed," said Michelle Chessler, director, marketing communications, Trimble Civil Engineering and Construction.

But today, video is just one medium and YouTube just one channel in a burgeoning multiplicity of communication outlets available to equipment manufacturers. Companies are now also using, among others, Facebook, Twitter, Instagram and LinkedIn, as well as hosting websites and creating apps for mobile devices. Komatsu, for example, is increasingly publishing its videos on its Facebook page. "With the collaboration of our distributor network, we use Facebook to maximise the opportunity to highlight our expertise and show off our machines in action," said Billion.

The company also makes its videos available to its distributor network via a table app. In addition to its YouTube channel, Hitachi uses Facebook, LinkedIn and Instagram, and also adds its videos to its iGround Control digital customer magazine.

But in this new digital channel world, China presents a challenge in that many of the major video and social media channels, including YouTube, Facebook, Twitter and Instagram, are blocked there. As a result, manufacturers targeting the country are forced to use local websites as their outlets. Caterpillar, for example, posts many of its videos on major Chinese websites, such as Youku and Tencent.

The rise of social media as an everyday communication medium means manufacturers now have no option but to invest in new skills and resources to become active in the new domain. "We're finding that customers turn to digital channels more and more, and far earlier in the buying process. Before they ever step foot in a dealership they're looking up information, reviews and recommendations online. Video has grown as a primary way customers expect to receive information, as video is becoming easier to access and consume, through social media channels, especially," Serena explained.

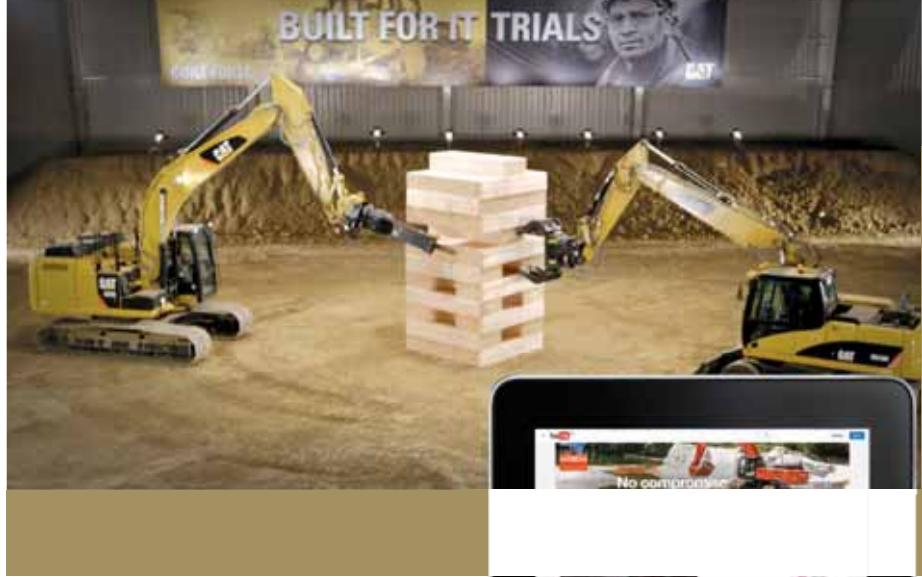
Although equipment makers are enthusiastic about video and the new digital channels for company branding, product awareness and equipment demonstration, they are far more cautious about their value in training. Most of the major companies offer significant training materials electronically, but none think that video or digital media are about to replace

hands-on experience and traditional learning any time soon.

Hitachi, for example, uses video and other forms of electronic learning to give trainees basic information about machine operation and technology, with this e-learning often a prerequisite of classroom-based training, said Ghislaine Jonker, manager, corporate communication, sales and marketing division at Hitachi Construction Machinery (Europe).

Thorsten Poszwa, global director external communications, corporate communications, Volvo Construction Equipment agrees: "Video is a useful tool to have in a wider training toolbox. It is not as effective as in-person training, but better than printed material." Billion of Komatsu is more blunt: "Nothing will replace real world experience." Chessler at Trimble concurs, "In our case, hands-on training seems to be more effective than remote or video training for our hardware solutions. Some of the videos on our YouTube channel that are dedicated to specific software functions are very useful to our users. Other than that, a lot of training on our products requires real world experience. Allowing users to be hands-on with our equipment, behind the machine, pushing buttons and actually using the product, usually provides the best experience to demonstrate their benefits," he said.

Trimble has found its 'bootcamp' training programmes most effective of all. "There, our product managers and experts provide hands-on personal training with our products and software. In addition, our dealers provide similar hands-on demonstration to customers



→ in order to educate them about the product,” said Chessler.

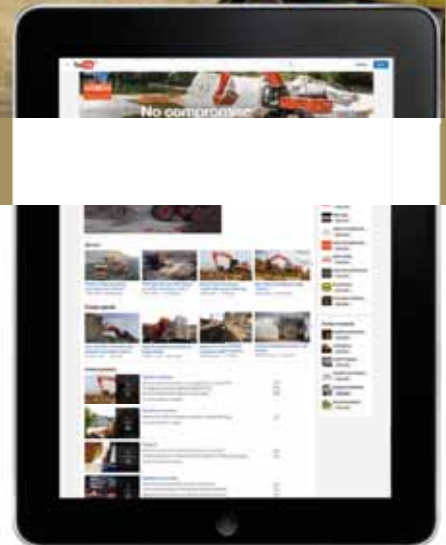
Although acknowledging the limitations as training media, companies nevertheless often put substantial resources into video and digital channels training materials. Komatsu has a dedicated education and training online platform with several hundreds of training sessions in a number of languages, most of which contain videos or animations. This includes videos produced by the company’s various subsidiaries, which can be shared across the company and among distributors via the platform. “With video, we have the opportunity to offer to a broader audience information that they would not find [elsewhere]. We provide our network with a large range of e-learning courses with different levels of knowledge, but operators need to go on the job site to apply the knowledge that they learned on our training platform,” Billion points out.

One major advantage of video and other digital training material is that it is available anywhere anytime. “Our users love that the internet and our digital channels allow them to access training videos anytime, day or night. This is particularly important because construction and engineering challenges can pop up anytime, and they often do. Not resolving them quickly, even if that means outside of normal business hours, can be extremely costly,” according to Trimble’s Chessler.

While video and digital channels may have limitations as training media, the equipment manufacturers are making increasing use of simulators. But this is a whole different technology requiring different equipment, skills and deployment. A simulator requires creating a virtual construction site in interactive 3D graphics by computer programmers, which must then be linked to the controls of a detached cab of a machine, such as an excavator or drilling

ABOVE: A video of Caterpillar machines being used to play a giant version of the popular game Jenga has been one of the firm’s biggest hits

RIGHT: It is the accessibility of video and digital channels that really allows OEMs to broaden their product awareness ... and the content involved is being viewed on tablets and smartphones as well as PC screens



rig. Simulators allow trainees to learn to operate equipment in the safety of cyberspace where their mistakes do not have a real world cost. This is a substantial benefit, but is very different from picking up tips from a video demonstrating equipment in action on a real site. Furthermore, whereas trainees can access video and digital channel materials anywhere anytime, they will need to attend a physical location to access a simulator. Even though simulators may be ‘remote’ from real world construction sites, they require substantial computing power and an operator’s cab, so they are inevitably housed in centralised training centres, or at best, large portable cabins.

The accessibility of video and digital channels is something that the manufacturers are increasingly exploiting to broaden their product awareness and establish their brand in the minds of future buyers and operators. Caterpillar’s Built For It videos are clearly designed to have a wide appeal, exploiting a fascination with building and construction machinery that stretches across the age range, starting with the very youngest. The videos

often take an activity linked to childhood, such as making sandcastles or playing Jenga, and scale it up to construction machine size. Viewers could be young boys who like to build sandcastles or play Jenga who might show the videos to their father, uncle or other relative who might work in construction, explained Archie Lyons, global brand creative director at Caterpillar, at the launch of the videos.

Komatsu has gone a step further, creating cartoon characters and a website of photos, videos, activities and games dedicated to children. “Kikki’s Workshop is a website where our mascot characters, KenKen, Kikki and their friends, introduce you to the world of construction equipment in a fun and friendly manner. We hope both grown-ups and children will enjoy this site and will become familiar with construction equipment,” says the company in a statement on the website. “Children love construction equipment,” adds Billion, and the company sees the website not only as an additional channel to create brand awareness and loyalty, but also as part of its social responsibility in terms of providing family-oriented educational materials and entertainment.

Other manufacturers take a similar view, and some are exploring alternative avenues of creating content for young people. Volvo, for example, recently cooperated with LEGO in the making of a video of the Technic model of a 42030 Volvo L350F wheeled loader, which has had 2.5 million views on YouTube. “Customers are obviously a primary target, but digital content is also aimed at other stakeholders and influencers – for example, operators and members of the media. We also welcome other interested parties, such as students and even children,” said Poszwa.

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Thorsten Poszwa



ABOVE: Trimble Visionlink provides a wide range of e-learning courses with different levels of knowledge to help operators be at their best on the job site

ABOVE RIGHT: Hitachi's video content for Europe is outsourced and provides customers with information about the firm's activities as well as showing clips of equipment

Making two-minute videos is very different from making back hoes and dump trucks, so it comes as no surprise that Volvo outsources the production of most of its videos, as does Hitachi. However, the companies maintain close involvement with the output.

"Technically, the production of the [video] materials is outsourced. However, our [video production] supplier is viewed very much as an extension of our team. They are highly experienced in this field and understand the need to handle projects confidentially. By using trusted suppliers, we can keep up-to-date with the latest [video production] technology, without having to make major investments. A member of the Hitachi Construction Machinery (Europe) team always attends the movie shoots," said Jonker.

Caterpillar, on the other hand, has full in-house marketing agency capabilities, including video production. However, it will also work in partnership with outside agencies to develop digital and video content where it deems it advantageous – most notably with top New York advertising agency Ogilvy & Mather to produce its Built For It campaign.

Meanwhile, as successful as Caterpillar's professional Built For It series has been, an amateur video of a Cat 319D LN excavator climbing onto a rail car has attracted more than six times as many views. In fact, many companies have discovered that some of their most effective videos are produced

RIGHT: Manufacturers say that they want to use inspirational content to drive an emotional response from their users and customers. They like the feedback that these videos generate and they want their customers to feel that they are at the centre of the message ... it is all about the pleasure of ownership

not by professionals, but by their distributors and operators. In recognition, they facilitate the loading of this content onto their channels. Although sometimes simple and amateurish and created out of a variety of motivations, the videos nevertheless have an authenticity and perspective that other users or potential users value. As Chessler of Trimble explains: "Our social digital channels allow us to share user-generated content, which provides insight into how our dealers and users are benefiting from our construction technology. This adds a personal element to the technology as well as real world validation points and common ground where contractors can relate."

So what makes for an effective video – or Twitter, Instagram or other social media posting for that matter? There is a good deal of consensus among manufacturers as to the key ingredients. "Brevity, simplicity of message, a good user hook and an emotional call to action. You need to tell a story that engages with the viewer," said Volvo's Poszwa.

Jonker of Hitachi agrees: "Making the videos short, dynamic and impactful. We've noticed that some of the more unusual products operating in challenging environments are popular, for example mining and special application equipment. Also, for customers to hear what other owners and operators think about Hitachi machines is positive. In short, there is no better visual testimonial than an immaculate Hitachi machine working in a spectacular job site."



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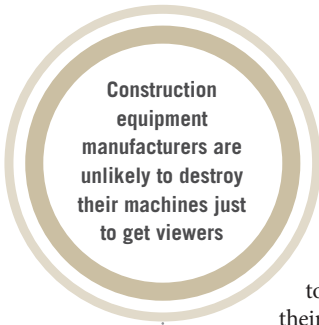


Komatsu also focuses on customer stories. "We have a community of people who use our machines and are proud of them," said Billion.

He also emphasises the emotional element – something that video seems far more effective at engendering than printed promotional material. "With inspirational content, we drive emotional connections with our Komatsu fans and we get some insightful feedback. We believe it is important to put the operator or customer at the centre of our message. By watching one of our videos, the customer should feel the pleasure of operating a Komatsu machine."

But video and the new digital channels are not without their challenges. The limitations of video for training has already been discussed. Meanwhile, social media have the advantages of immediacy, open access and interactivity, but bring with them new risks. Customers can use them to praise products and share their positive experiences, but can just as well use them to criticise and condemn. An equipment fault, an incidence of poor service or exposure of a design flaw in a company's machine can be broadcast and instantly create a storm of adverse comment. Something that previously might not have been relayed beyond a local community, can now be disseminated to a worldwide audience at the touch of a screen. Where once a manufacturer may have had the opportunity to repair a fault and fix a flaw without more than a handful of users knowing, now they must be prepared to respond rapidly to resolve issues, as well as





→ counteract the associated negative publicity.

To maintain vigilance and respond systematically to incidents, companies are installing specialised software that will monitor the digital channels and raise alarms when issues arise, as well as track issues through to their resolution. Liebherr, for example, has installed Microsoft's Social Engagement software, linking it with its customer relationship and internal collaboration systems to ensure it can react quickly and effectively when issues arise on social media. For example, if an issue with a customer appears on Facebook, the systems will not only raise an alarm, but also pull up exactly what product the customer is using, as well as where the nearest service partner is located. This enables the problem to be solved as soon as possible, which is essential in today's environment, explained the company when announcing the implementation of the software.

Overall, construction equipment

manufacturers have decided that the benefits of video and social media far outweigh the dangers, and are committed to continuing, if not expanding, their use. Caterpillar, for example, is making digital media a primary focus. In September last year, it announced executive office emphasis on three strategic initiatives, one of which is digital. "We've created a division devoted to marketing and digital, led by our first chief marketing officer," said Serena.

With the rapid evolution of social media combined with the continuous development of visual technology by the film, television and games industries, as well as the massive growth of general online video, construction equipment manufacturers are going to have to work hard to keep up and produce content that will grab the attention of viewers. They also have to contend with some awkward truths. Just as disaster movies are one of the most successful of film genres, so real life construction machinery disaster videos have

attracted huge online audiences, with one getting over 17 million hits.

Construction equipment manufacturers are unlikely to destroy their machines just to get viewers. However, they might want to ponder another YouTube hit that is one of the most viewed construction machine videos of all. This shows a simple sequence of a standard excavator digging soil in a garden and dropping it into a dump truck. There are no disasters, no giant sandcastles, nor even any particularly leading edge technology – just a regular digger and dump truck in everyday action. Only on closer examination, it turns out that both machines are just 12 centimetres tall and are in fact remote controlled models. The video was made by model enthusiasts, rather than a high-end New York ad agency, and its cost was probably proportionally even lower than the scale of the model to a real life digger. It just goes to show that imagination is one of the key ingredients in capturing an audience's attention. And has any manufacturer considered remote controlled models as a medium for training? □

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