

Lifting in the low countries

In a declining market, Dutch crane builders have to come up with new products and new ways of generating revenue. Will Dalrymple reports

The Dutch factory crane market is brutal. Lacking much heavy or process industry, the main customers are relatively small factories. It is a small market as well: about

1,000 new cranes are sold each year.

At the best of times, customers in the Netherlands drive a hard bargain. But in situations of slow economic growth, customers are hard to find, which makes the situation even tougher. Many crane vendors see the market shrinking.

"I've never seen it so difficult," says Willem Friso, KCI Konecranes director of industrial cranes, western Europe (which includes France, the Netherlands, Belgium and Denmark). "There are some signs that things are picking up, though not very quickly." KCI Konecranes salesman Frank Tros says that his sales in 2003 were about the same as in 2002. Average lifting capacity of cranes sold by Konecranes is in the range of 3.2t to 5t.

Abus paints a different picture. According to Wijnhold Wijnholds, director of the Netherlands branch of Abus, the market is declining "by a minimum of 30-40%", but he says that he expects it to stabilise in 2004.

Others are more pessimistic. "The market is in bad shape and this won't change in the next years. The price level for standard cranes will continue dropping," says Wim Hermans, vice president of Demag's dealer, Van den Berg Transporttechniek. Average lifting capacity of its new cranes is about 10t.

In the standard crane market, competition is brutal as these three players fight for market share. In 2002 Demag had sales in the Netherlands of €25m, KCI Konecranes €13m and Abus €11m. In terms of units sold, however, the ratio appears to rather different. Wijnholds says that Abus's market share rose to about 40% in 2003. Neither KCI Konecranes nor Demag would reveal

how many new cranes they sold in 2003.

"It seems that in the market for standard cranes price is the only issue," says Hermans, the Demag dealer. "It is a known strategy to sell cranes below cost price in order to be able to earn your losses back in the after-sales. For instance, customers only get a warranty if they buy an expensive service contract after they purchased the crane. This is not the strategy of Demag."

He adds that Demag's strategy is to introduce new technology – including the new DR rope hoist (see *Roundup*, page 3) – to increase demand for high-tech hoists. "It is time that customers become aware that they can buy a colour TV instead of black & white for a modest surcharge."

Even the small players are having to change their game to keep up. When Dutch family hoist business Van den Berg Brothers (no relation to the Demag dealer) was losing out to the competition, it decided to offer something different – and began importing cranes from the UK.

"Those competitors offer the same stuff. You have to be good in maintenance and service, your mechanics have to be at a high level, but in most cases people buy on price. There is nothing different that you can offer," says director Frank van den Berg.

To find something different, he crossed the channel and met with the UK's Street Cranes. He says he considered importing Yale hoists, but was concerned that the US was too far away for speedy delivery.

"Street is different. Everything is a bit bigger. We try to sell more heavy-duty, bigger cranes." If the cranes take off in the Netherlands, Van den Berg will also have the only mechanics familiar with the cranes.

An agreement was signed in January. Since then, Van den Berg says that he has sold "a few" units. "We have to convince them that it's a good product. Customers who have six Demag cranes already will be hard to convince to buy Street." He



said his plan is to approach new customers who are not happy with their existing cranes.

Last year his firm had a turnover of €2m. It has some 400 customers and employs a total of 14 staff, including nine mechanics. The key to the business is holding on to skilled technicians. "It is very hard to get good mechanics," he says.

Normally he expects to sell between 80 and 100 cranes a year, but in 2003 Van den Berg Brothers sold only about 30, he says. "The market is not that good. But I am not complaining."

Although sales of new cranes are down, the maintenance business is strong, he says, with about 2,400 cranes on the books for the minimum required yearly inspection.

KCI Konecranes, as is well known, also has a strategy of targeting the maintenance business and with 7,000 cranes in the Netherlands built by Konecranes or companies that it has acquired, there is plenty to aim at – plus all the cranes of other marques.

For the Demag dealer, business is focused more on upgrades – such as retrofitting overload protection, anti-collision and limit switches – rather than routine maintenance and spare parts.

There do seem to be plenty of old cranes to service and upgrade. Abus's Wijnholds estimates that there are in total 40-50,000 factory cranes installed in the Netherlands, aged on average between 15 and 20 years old. **H**

An 80t capacity jib crane boat lift built by Van den Berg Brothers was installed in October. Four 20t capacity SWF wire rope hoists lift to a maximum height of 10m