

# Porter's five forces and marketing orientation



Earthmoving equipment is used in the construction industry to shift large amounts of earth, dig foundations and landscape areas. Types of earthmoving equipment include hydraulic excavators, bulldozers, compressors and loaders. We can go through the earthmoving equipment companies from a market orientation, service quality and customer relationship management view.

The market orientation simply defines an organization that understands the importance of customer needs, makes an effort to provide products of high value to its customers, and markets its products and services in a coordinated holistic program across all departments.

An organization with a market orientation focuses its efforts on continuously collecting information about customers' needs and competitors' capabilities, sharing this information across departments, and using the information to create customer value.

### **Porter's Five Forces and Marketing Orientation**

We can define Porter's five forces as used for marketing strategies;

**Supplier Power:** It is the thing that how the suppliers drive the prices up. This is based on the uniqueness of supplier's product, their strength that controls the customers and number of suppliers.

**Buyer Power:** This is the thing that how the buyers make the prices low. This is based on basically the number of suppliers. The most powerful supplier the company have, the most powerful you are.

**Competitive Rivalry:** This one is about making your products more attractive than other companies. If the company has many rivals and they are producing equal things with the others that will make them weak in the market. More attractive choice you have, more powerful you are in the market.

**Threat of Substitution:** This is about the substitution of the unique products the company produce. The easier people substitute your products, the weaker the company is.

**Threat of New Entry:** If entering to a company's market is easy, this will show that this company is not powerful. The companies have to struggle to make it harder for the others to conquer their market.

For example, Komatsu Ltd., established in 1921, is a diversified provider of industrial-use products and services. While remaining an international leader in the field of construction and mining equipment, the Company engages in other business, such as industrial machinery and vehicles, and other solutions-based operations. By upholding "Quality and Reliability" as the most important management policy, Komatsu is resolutely committed to providing safe, innovative products and services that best meet the needs and expectations of its customers around the world. They have products in various areas such as;

Demolition

Quarry & Mining

Road Construction

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Material Handling & Industry

Waste & Recycling

Landscaping

Material Handling & Industry

Komatsu has various marketing strategies that make the life easier for their customers such as;

ECOT3: Building on 70 years experience in off-road engine development, Komatsu is releasing a new range of clean diesel engines that meet these regulations and deliver outstanding power and fuel efficiency.

SpaceCab: The newly designed, wide and spacious cab includes a heated air suspension seat with reclining backrest. The seat height and longitudinal inclination are easily adjusted using a pull-up lever. You can also set the operational posture of the armrest and the position of the console to suit your needs. Reclining the seat further enables you to place it into the fully flat state with the headrest attached. It has also features like low-noise design and low vibration with cab down mounting.

VHMS: The VHMS controller monitors the health conditions of major components and enables analysis of the machine and its operations.

The VHMS controller monitors and stores all data received from the engine and transmission controller and various additional sensors on the major components. This way, it's possible to record the evolution of the machine's health condition.

Brakes: This system provides lower maintenance costs and higher reliability. Wet disc brakes are fully sealed. Contaminants are kept out, reducing wear and maintenance. Brakes require no adjustments for wear, meaning even lower maintenance. The new parking brake is also an adjustment-free, wet multi-disc for high reliability and long life.

Komatsu is also releasing a new range of clean diesel engines that meet the regulations and deliver outstanding power and fuel efficiency.

As seen above, they produce attractive stuff for their buyers and this attractiveness makes them powerful in the competitive market.

### **Service Quality**

Service quality is based on how the companies answer the troubleshoots and problems that the customers have with the product. The companies should provide good customer services to make their buyers happy after selling their product.

For example, customers who purchase a Komatsu machine are backed by service that ensures optimum availability and performance of their investment. Skilled Komatsu technicians are supported by Komatsu factory experts. These technicians operate from fully equipped service depots and

service vehicles. Komatsu has a good quality service that they can proof this with providing some services such as:

**Komtrax:** The activation of Komtrax is a key factor, and the next step in Komatsu's " Circle of Experts" Komatsu's Satellite Monitoring System keeps a constant watch over the health of the equipment. This is done

easily and securely over the internet and ensures improved reliability, sophisticated machine management and minimal maintenance downtime.

**Genuine Parts:** Komatsu Genuine Parts fit right into the

Komatsu " genuine customer support" concept; a concept that takes care of

customer's equipment and investment all the way. Genuine parts are built to

strict Komatsu Engineering Standards (KES). They are made either in house with Komatsu technology or under license by carefully selected suppliers.

Only when the parts have passed severe quality tests do they carry the

Komatsu genuine brand name and are authorized for use under Komatsu

warranty in Komatsu

equipment.

**Extended Warranty:** Komatsu offers wide range of flexible

service agreements, tailored to meet buyers needs, with maintenance,

extended warranty and/or full servicing and repairs. Top class maintenance

is

an essential aspect of the Komatsu " Circle of Experts" approach to full customer support.

Komatsu has a strategy that they use a cycle called circle of experts. This programme enables Komatsu to routinely offer its clients the more up-to-date models, with all the latest technological innovations, and an integrated package of aftermarket services and options designed to lower Total Cost of Ownership.

### **Customer Relationship Management**

Customer relationship management; CRM, is a company-wide business strategy designed to reduce costs and increase profitability by solidifying customer loyalty. True CRM brings together information from all data sources within an organization (and where appropriate, from outside the organization) to give one, holistic view of each customer in real time. This allows customer facing employees in such areas as sales, customer support, and marketing to make quick yet informed decisions on everything from cross-selling and up selling opportunities to target marketing strategies to competitive positioning tactics.

Good example for customer relationship management is " Komatsu Times" magazine. " Komatsu Times" magazine is published to keep customers informed about Komatsu machines at work in various locations and applications across Europe. It also features new models, new options, and new industry developments. It's published expressly for Komatsu customers and all users of earthmoving, demolition, recycling and materials-

handling machines. Published by Komatsu Europe, it's currently available in eleven European languages.

With this magazine, they are making their customers be aware of the new technologies and the products of themselves and also they are introducing their new technology and products to other people who are possible buyers. Their customer relationship strategy is also introducing their services with this magazine and making themselves more attractive.

### **Conclusion**

In conclusion, Komatsu is a worldwide earthmoving equipments company that has power in this market with their preferences like marketing orientation, quality service and customer relationship management strategies. These are all that make a company more attractive in the market for the buyers. Their way of using technology is amazing. Furthermore, the most attractive part of Komatsu is their service quality that they have a wide range of customer service that is based on the newest technology. As I mentioned before about the Porter's five forces, the companies which have the preferences that Porter suggested must have a powerful market portion. Komatsu; 80 years experienced company, is one of the best earthmoving equipment companies with these preferences.