

Short Communication

Economy

The Marketing Strategy of Double Roll Coal Crushers in China

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This study explores the characteristics and marketing tactics of double-roll coal crushers. Coal processing is in high demand in the mining market in China. To empower the mining market's competitiveness, product quality and technical level should be improved persistently. According to the absolute advantage compared with other mining corporations and analysis based on the Boston Matrix, the marketing strategy that should be adopted by the company can be described as 'the missionary selling method' which is very aggressive. In addition to adopting these marketing strategies, there is an opportunity for the interaction between current technological progress and current market demand, which can be seized by the company. We aim to illustrate the advantages and marketing opportunities of double-roll coal crushers and what kind of marketing tactic is suitable for this mining equipment.

Keywords: Coal; Crusher; Advantage; Marketing; Tactic; Opportunity

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THE COAL industry is an important pillar of China's economy, and China's energy structure determines that the exploitation and utilization of coal resources are crucial to the development of the country's economy. Data from 2014 to 2020 indicates that China's coal consumption remained at 2.7 billion tons to 2.8 billion tons, and that in 2021, China's raw coal consumption increased significantly, reaching 2.934 billion tons. Moreover, China's coal consumption increased by 4.3% in 2022 (**Figures 1 and 2**) (1).

As an important piece of coal processing equipment, the coal crusher's role is to break large pieces of coal that are ex-

tracted from coal mines into smaller particles for subsequent transport and processing. The market demand for coal crushers is also growing. At the same time, with the progress of science and technology and the enhancement of environmental awareness, the technical level of the crusher is constantly improving, and the demand for environmental protection crushers is increasing. Experts estimate that there are about 4,000 coal mines as potential customers in the country. Assuming 3 crushers per mine, there will be a maximum of 12,000 crushers in demand. With the average price of the coal crusher being about 3 million CNY, the market capacity of the coal crusher is projected to be

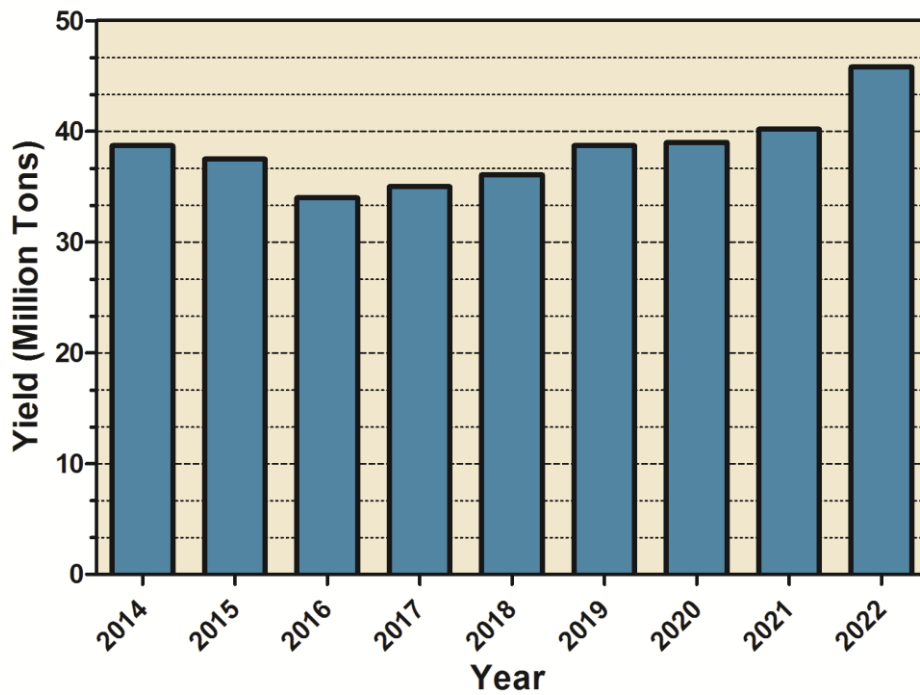


Figure 1. China's Raw Coal Production from 2014 to 2022.

Data source: Analysis of the Development Trend of China's Coal Mine Machinery Industry and Investment Prospect 2023-2030.

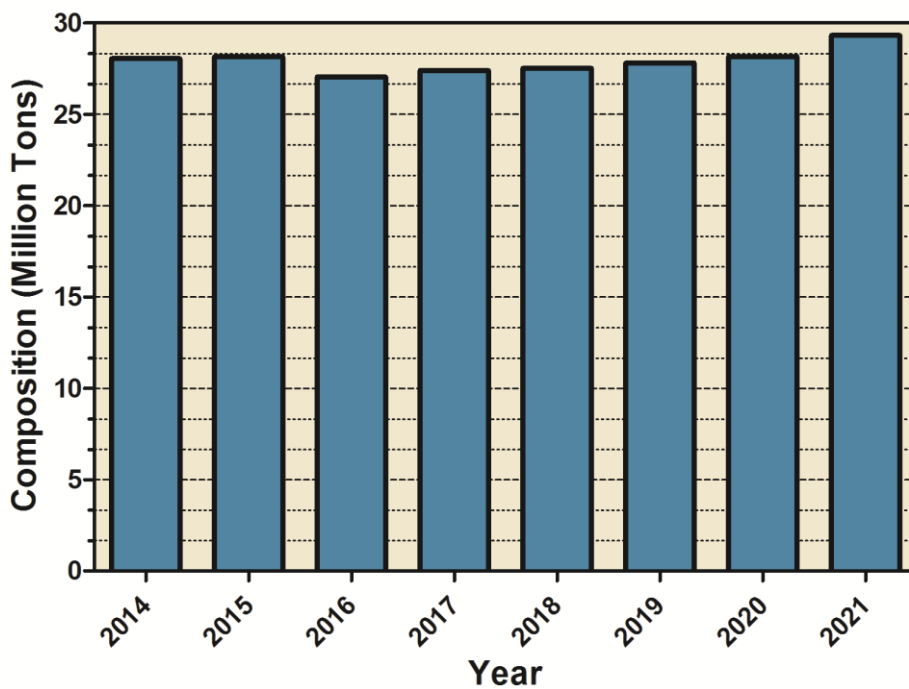


Figure 2. Coal Consumption Situation in China from 2014 to 2021.

Data source: Analysis of the Development Trend of China's Coal Mine Machinery Industry and Investment Prospect 2023-2030.

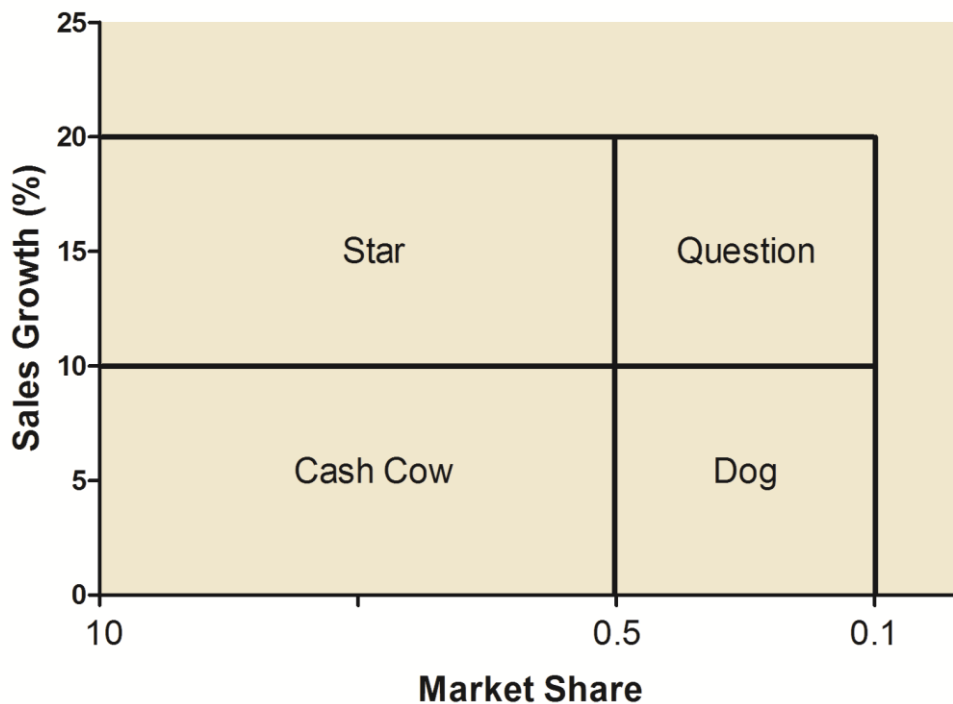


Figure 3. Boston Matrix.

10 billion CNY (2). To sum up, China’s coal crusher market has a promising prospect for development, but at the same time, it confronts the pressure of fierce market competition and environmental protection requirements. Therefore, enterprises need to continuously improve product quality and technical level to meet market demand (3).

Introduction to the Company and Product

In terms of product quality, compared with other competitors, the absolute advantage of this double-roll coal crusher is that its operation is intelligently controlled. The variable-frequency drive collects the temperature of the motor, reducer, and bearing, the vibration of the motor and bearing, as well as the speed, dust, noise, and other signals to ensure the safety and intelligent control of the crusher. In addition, the crusher equipment will be systematically designed: crushing and screening will exist in the form of an all-in-one machine that has many advantages (e.g., small size, dust-free, environmentally friendly, energy-saving, and so on). However, above all, the main strength of the product is cost-effectiveness. The coal crusher exactly captures the needs of China’s small and medium-sized private enterprises and state-owned enterprise subsidiaries. For small and medium-sized private enterprises, the low cost of this product meets their low budget requirements. As for the subsidiaries of state-owned enterprises, they are generally not inclined to adopt international products because of the high risks, complicated procedures, and heavy regulations associated with international procure-

ment—an area in which Shumar (Beijing) Intelligent Equipment Co., Ltd. and its products have advantages (4).

Analysis Based on the Boston Matrix

The Boston Matrix is used to analyze the market structure of this product (5). It is well known that the demand for coal is growing gradually, and so is the demand for crushers. China’s coal consumption grew by 2.9% in 2023, compared with its GDP growth rate of 5% in that year (Figure 3). As a matter of fact, the growth rate of the coal market can be roughly equal to that of the crusher market. Therefore, the crusher market has a smaller growth rate than that of the national GDP. According to research, most of the companies in the market are small with low start-up capital; the market share of competitive companies is not very high. Thus, the market occupation rate of crushers is relatively low. As illustrated by the matrix, the coal crusher market has the characteristics of the ‘dog’, which tends to have great competition pressure. In this scenario, an offensive marketing strategy should be used by the company. Correspondingly, several marketing tactics should be designed in advance, which will be discussed in detail next.

Marketing Tactics

Since the market profit margin is low, the company must take the initiative to attack, sending special personnel to the target market for sales promotion and door-to-door customer service. Regarding sales promotion, the company should adopt ‘the mis-

sionary selling method' (6)—which means a salesperson focuses on building a relationship with an individual who can influence the buying decision—by actively promoting the advantages of this product. Specifically:

First, with the gradual rise of national standards for environmental protection, the product has the advantage of being dust-free, satisfying the national ISO standard (7). Hence there are no risks of administrative shutdown.

Second, in terms of the product's technology (8), its speed, vibration, axle noise, and other parameters have already achieved an advanced level by the existing industry standards—another advantage of the product that needs to be emphasized during sales promotion.

Third, from the perspective of customer interpersonal relationships, the sales rep will introduce the product according to the behavioral habits of the purchasers. At the same time, attention should be paid to upstream customers, such as in the transportation sector.

Fourth, the marketing strategy of this product should also take into account some personal factors of customers, such as their educational level and individual needs, and apply correspondingly different sales methods. If the customer has received higher education, the company could invite him to high-end marketing forums; if the customer has attained junior high or a lower educational level, more informal communication strategies could be adopted. Moreover, customers can be divided into either risk-averse or risk-loving personality types, and so different sales strategies can be accordingly used. In a word, it is to achieve the mutual development of the company and the customers.

Fifth, the company should devote its resources to the training of outstanding sales personnel. Motivation schemes such as 'low basic salary + high commission' (9) can be used, as well as regular assessments and a reward system. Specifically, the level of the basic salary should be set to fulfill everyday life needs, while the commission rate can be set as a percentage of the product profit to maximize long-term sales growth.

Sixth, setting regular discounts under different conditions is a useful marketing tactic, such as a 5% discount if customers can make their purchases within a month or a 3% discount if customers can pay in cash, which can reduce the company's cash flow pressure.

Last but not least, other strategies such as advertising the product, incentivizing the customers to participate in trade exhibitions, hiring professionals to design the product handbook, and attending expert meetings, trade exhibitions, and business forums result in a positive impact on the company's bringing the products to the market, thus constantly improving the product's market depth and width through the market response. Specifically, the product handbook should include pictures and descriptions, technical parameters, field cases, and expert recommendations to highlight the products' high quality, advanced technology, and broad market potential. Above all, it can provide prospective customers with all-round, multi-channel, and high-caliber information, enabling the product to have a brand effect during a short-term period.

The central part of successful missionary sales is good market positioning and market penetration. Since the crushers'

market share and start-up capital are low, their market positioning is geared towards the small and medium-sized coal mines and the collective coal mine subsidiaries. As mentioned in the previous part, potential customers are mainly distributed in Shanxi, Inner Mongolia, Shaanxi, and other regions (10). In Shanxi, the marketing efforts should mainly focus on the areas of Jinzhong and Luliang. In these areas, a spatial marketing strategy of "Cong Dian Dao Xian, Cong Xian Dao Mian" (from point to line, from line to plane) will be adopted. It means, for instance, starting from one or several enterprises in small counties (point) by selling the product at a low price, and after developing a certain reputation in the industry, expanding the market to cities (line) and eventually to the provincial level (plane).

Conclusion

In conclusion, the double-roll coal crusher is the main product of Shuma (Beijing) Intelligent Equipment Co., Ltd. To a certain extent, this product has promising prospects in the market; however, it falls into the category of the 'dog' business according to the analysis based on the Boston matrix. In other words, this product has relatively low sales growth and market share. Therefore, an offensive marketing strategy should be adopted. The product has high quality and low cost, which is consistent with the needs of China's small and medium-sized private enterprises and state-owned enterprises subsidiaries. These companies are the first targets of Shuma (Beijing) Intelligent Equipment Co., Ltd. The product's advantages need to be emphasized in the marketing campaign. In addition, other marketing tactics in accordance with the 'dog' business type need to be employed, such as cooperating with upstream customers, adopting corresponding sales methods according to the different characteristics of customer groups, taking the initiative to participate in trade exhibitions, and hiring experts to design product manuals in order to create a greater brand effect. The reward system of 'low basic salary + high commission' should be put to use for talent retention. From the geographical point of view, a spatial marketing strategy of "Cong Dian Dao Xian, Cong Xian Dao Mian" (from point to line, from line to plane) should be adopted. In these ways, the company can penetrate the market more quickly and achieve a certain reputation within a short period of time.

Outlook and Recommendation

Apart from adopting these marketing tactics, the company should also grasp opportunities on the go. For the company, the biggest opportunity right now is in the local backfilling of underground gangue, which is a solid waste from mining. According to a recent survey, some industry experts mentioned that the Chinese government may enforce the underground backfilling of gangue in the next few years and prohibit the lifting of gangue from wells due to the heightened measures of environmental protection. Therefore, if the company takes the lead in underground gangue backfilling in the early stages, it may be ready to take off in the coal industry. However, opportunities and challenges coexist. For instance, underground gangue backfilling is a complex engineering system requiring large investments and multi-disciplinary expertise. This means crushers will only be

used in one part of the system. In addition to obtaining explosion-proof certification, the dust and gases emitted by the underground gangue crushers need to be handled, and the pulverized coal particles from the crushers should be converted into coal slimes. If the company can seize the opportunity, it will produce huge economic and social benefits, not only enhancing the company's market competitiveness but also greatly improv-

ing the efficiency of coal mining. For instance, now with gangue backfilling, roads, railways, nature reserves, and underground supporting coal pillars can be mined, which could not be achieved before. In fact, many domestic coal enterprises are working on getting approval to initiate the underground gangue backfilling project and implement it. The company has a long way to go in the marketing of its products. ■

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