



**MINING:** Into Africa and beyond

**INDUSTRY INSIGHT:** Yours, mine and ours...

**FINANCE:** Cautious optimism?

**Powerstar: Made for African conditions**

# Made for African conditions

Chinese OEMs have a tough time convincing the wary South African market about the quality of their goods. However, one OEM is powering past the opposition, with a range of trucks built to endure the arduous African environment...

While there is no doubt that the adage, "there is Chinese, and Chinese" holds true for some Asian OEMs, the Powerstar range of trucks couldn't be further from this saying and, speaking from their new offices in Centurion, Marketing and Dealer Development Manager for Powerstar, Erwin Stolze, is upbeat about the inroads that this tough and rugged brand is making within the southern African mining sector.

Erwin explains the origin of the Powerstar brand.... About four years ago, the Powerstar range of heavy duty trucks was introduced into South Africa. POWERSTAR is owned by a Chinese consortium consisting of Norinco Motors, the CAD Fund and BEIBEN who are the manufacturer of these trucks, based in China.

## Changing a mindset

The South African market is a sophisticated, although conservative market, with companies basing their capex spend on brand loyalty thereby sticking with familiar OEMs. With the huge cost of heavy equipment as it is, this mindset is understandable: Why try something new, despite the current equipment being more expensive than another OEM? However, many fleet owners bemoan the cost of their vehicles, and are slowly considering more value-based offerings.

*A full stockyard of trucks waiting for delivery is a clear indication as to Powerstar's growing presence in the South African market.*

It seems, that like Japan, who, post WWII, had to re-establish their shattered credibility – which they managed admirably, rising to be one of the top industrial nations in the world – when anything coming out of Japan was dubbed 'Jap-scrap', or blanketed with other derogatory monikers. The emerging Chinese manufacturing sector is now faced with the same suspicion – and challenges – as their island neighbour before.

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## The Chinese conundrum

"While many mines use the better known, 'western' brands, the cost of that equipment is enormous. Whereas, our price is not only competitive, it's realistic," says Erwin and adds, "The mining sector is our greatest market and the reality is, if the Powerstar trucks weren't rugged and equipped to deal with the arduous working conditions in the mines, we wouldn't be experiencing the growing market share that we are in that segment."

He adds quickly, "I'm not saying that our trucks are cheap, I am emphasising that they are cost-effective for the environment in which they operate." Erwin is emphatic that Powerstar is comparable to any better-known brand





After four years of negotiations, Daimler-Benz AG and the Chinese engineering group North Industries Corporation (NORINCO) signed contracts in September 1988 for the manufacture of Mercedes-Benz heavy-duty trucks in Baotou, Mongolia. Commencing in the first half of 1990, they produced a broad range of heavy-duty trucks from 16 tons GW. Over the space of six years, 15 000 pkd kits were delivered to China and assembled there. Following this industrialisation process, annual production reached 6000 units, with a local content of 90%. From initially introducing the manufacturing technology of the BENZ heavy-duty truck, to the technical digestion and absorption by independent research and development and production, the Beiben Heavy-Duty Truck Co., Ltd. Was formed.

Adapting Powerstar trucks into a variety of applications – for example bitumen distribution – has been part of the company's strategy.

and says, "For example – obviously dependent on terrain – the 4035, 8x4 fitted with 18m<sup>3</sup> tipper bin is an excellent vehicle for hauling iron ore, with an economical operating cost per cubic metre."

What has been seen in the sector is, however, that, owing to the lower price of the Chinese OEMs' products, some companies buy vehicles for a specific project, with the intention of 'disposing' of them once the project has ended. Erwin laughs at this thinking and says, "They are so under estimating the durability and ruggedness of our product, if that is the case! Our range of trucks have second and third lives and, for example, we know of a Powerstar truck that has already clocked up 1-million kilometres."

Erwin continues, "In China these trucks are used for three years and then sold, whereas in Africa, they are driven literally, into the ground, because they last so long." Thus Powerstar's low-tech approach ensures that their Tier 2 engines are rugged and durable, able to withstand a harsh environment "not requiring a computer to fix it, should a truck break down," he comments.

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He emphasises that while Powerstar does not target the long-haul operators at present, in Namibia for example, where towns and mines are dispersed over an immeasurable area, Powerstar fleets are used for this purpose. In this regard, Erwin explains, "Namibia is a much less discriminatory country when it comes to embracing new OEMs, with the result that Powerstar trucks are seen everywhere in that vast country, being used for a multitude of purposes, long-haul runs included."

## Footprint

Erwin states, "Our area of responsibility is the SADC region. In South Africa we have a network of over 25 outlets consisting of service dealer as well as full dealers. Outside of South Africa we have representation in Namibia, Botswana, Zimbabwe and Swaziland with plans to develop the other regions within SADC soon." They have an assembly plant in Pietermaritzburg where the trucks

arrive in SKD (Kit) format and are modified and adapted to suit African conditions, with a fair proportion of local content added.

Powerstar has recently moved Head Office from Isando to Rooihuiskraal, Centurion, where their location not only offers excellent visibility from the arterial highway running past the edge of their site, but also offers easy access to the freeway network running throughout Gauteng and thus to their main market, the mining areas to the north.

"We have a Head Office and a Dealership on this premises, the latter taking care of Sales and workshop servicing and we have an Authorised Weichai service centre, with suitably qualified technicians."

## Looking ahead

He comments, "The South African mindset around Chinese OEMs is slowly changing as the local market demands that assurances are made to establish South African service networks. Understandably, companies don't want to buy from any manufacturer who cannot offer service back-up, warranties, maintenance plans and spares availability."

Which, Erwin assures, are all part of Powerstar's strategy going forward, as China sees expansion into Africa as part of their growth tactic, with the company's presence in South Africa serving as a springboard into the rest of the continent.

Powerstar will be introducing a long-haul truck in the near future, with all the modifications that a long-haul driver would require of his cab, such as comfort, ergonomic design, added fuel efficiency and all the electronic bells and whistles that one associates with a truck in this market.

So too, the company continues to aggressively target the mining and construction markets as well as the specialised areas where Erwin sees the range being used in a variety of applications, including for example: skip-loaders, fire trucks, waste-compactors, log-haulers, drill-rigs and bitumen distributors for road works.

"That's why we are called Powerstar," he concludes with pride. ♦

*Marketing Manager, Dealer Development for Powerstar SA, Erwin Stolze, is upbeat about the inroads that this tough and rugged brand is making within the southern African mining and construction sector.*

