

How Can Chinese Fastener Suppliers Find a Way to Strengthen Their Development in High Value Added Fasteners?

by Behrooz Lotfian

A business company should obey the following items in order to make its own success. Of course, if a company doesn't obey them, maybe they will still be successful, but their way to success will be different. If a company follows these minimum steps, customers will buy their products, and if they don't follow, they may use selling methods and lose more money.



A- Focus

A huge mistake that many companies make - Chinese fasteners are no exception - is expanding their business too frequently. Look at the advertisements of Chinese fastener traders. Most of them supply so many different types of fasteners. The successful way is the opposite- be professional in a subject and don't do different activities under your brand name. Managers like to expand their production/service line because of growth, but growth through line extension means a big problem. Assume that a company produces different types of fasteners, screws, nuts, rivet nut, rivets, blind rivets, etc. It means more different types of machines, wires, and tools are needed, which also means that expenses management is a big issue. On the other hand, if a company just produces rivet nuts, the needed machines, tools and materials can be simple. Big Chinese fastener suppliers solve this issue by increasing the quantity of their machines, they normally fix a machine for a specific type of fasteners and if they do not have any order for it, then they stop it.

But none of the suppliers thinks about producing just a specific fastener, for example, Blind Rivet size 4. Why? Because producers believe that their basket of production should be as complete as possible, however in a real world it doesn't work like this. 80% of their sales come through a few sizes but only 20% of the cost belongs to these types of production; and most of their production represents 80% of the company's cost, which only shares 20% of their sales.

However, this wish has caused many fastener producers to laugh. I hope to see a fastener company produce just a type of fasteners in a specific size.

An example can be used to clear up the case, U.S. airlines have different types of planes for different distances of trips, and Southwest Airline just has Boeing 737 and it just services the distance lower than 5,000 km. This attitude is ridiculous enough in airline

business. The point is, Southwest has never finished a year without profiting in the last 10 years, and the other US airlines went bankrupt in the same period.

Perhaps somebody may ask: What is the relation between airline business and fastener business? TRIZ problem solving method says, the solution to your issue lies in other business not in your business.

Therefore, the first advice for Chinese fastener suppliers is to forget diversification and be focused, if they want to take back their market share.

But how can they be focused? The answer is in Al Ries's book "Focus, the future of your company depends on it". He gives us some clues about companies wanting to be focused, and I mention two of them as below:

1- Focus should be simple, because you must make a perception in the minds of consumers. In a fastener business, you can focus on aerospace fasteners, it means if any manufacturers of airplanes want to buy fasteners, they could contact your company. Note that focus should be simple but recognizing a focus is not simple.

2- A focus is memorable, an owner of a business cannot make its business successful. Only his consumer can do that for him. So, if a customer does not remember what you stand for, what good does it do to take that stand? Look at fastener magazine advertising, which company is which? All companies look the same, and how can a customer choose and remember your brand in a magazine? Our answer is just by chance. And chance doesn't work in a professional business. Anchor your business to a word, like "safety", then if any company needs a fastener for sensitive places, they can find you easily.

B- Naming



Another issue that most of the Chinese companies engaged with is their "names". Laura Ries believes that "The single most important marketing decision a company can make is what to name a brand. A brand's power lies in its ability to grab a position in the minds of consumers. With a poor brand name, you make the job of getting into the minds of customers much harder. With a great brand name, you can help your brand down the road to success." Some suggested naming principles are

- 1- A name should be short, like Gesipa.
- 2- A name should be simple, like Moroni.
- 3- A name should be speak-able like Anshida.



C- Visual Hammer

A brand in the global market needs a visual hammer. A visual hammer isn't just a trademark. At best a trademark becomes a rebus for your brand name. In other words, a symbol that stands for a brand name. Most trademarks don't communicate anything beyond the name of the brand or the company. A visual hammer is different, it subconsciously communicates the emotional power of your brand while also driving a verbal idea into the mind.

Look at Owens Corning company, when all roof isolated materials are yellow, it produced a pink one. It now has more than 50% of the US market. Why? Because if a customer forgets the name of the company, he can recognize it easily from hundreds of its competitors.

In the fastener business, I couldn't find any company that has a visual hammer.

Last word

- The three rules of marketing are: (1) Focus, (2) Focus, (3) Focus,
- then choose a speak-able name that is related to your focus.
- And make a visual hammer for the brand.

Unfortunately, no Chinese suppliers in the fastener field obeys these three items.

References:

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