

THE WAYS OF PENETRATING INTO INDIAN FASTENER MARKET

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Introduction

Based on population, India with a population of 1.07 billion is the 2nd biggest country in the world. Their GDP is USD1,400.3 billion and the GDP per capita in this country is USD1,176. The unemployment rate is 10.7% in India. In an overview, India is a poor country with a lot of potential resources that in the near future they would be one of the economic giant.

India Fastener Import - Export

The amount of USD1,762,000 is India's total exports of aluminum fasteners in 2011 and they supplied about 0.22% of the overall amount that the world required.

The main partners of India in this business are:

Ranking	Country	Value (000 US\$)	Share (%)
1	Germany	544	30.87
2	France	314	17.82
3	USA	168	9.53
4	Mexico	161	9.14
5	Singapore	134	7.60
6	Denmark	115	6.53
7	Italy	85	4.82
8	Canada	58	3.29
9	Belgium	54	3.06
10	Peru	46	2.61
11	Saudi Arabia	32	1.82
12	Kenya	24	1.36
13	Maldives	13	0.74
14	Norway	11	0.62
15	Jordan	3	0.17
Total		1,762	100.00

Source: Philip M. Parker, Professor, INSEAD, Copyright2011, www.icongrouponline.com

However, India's import of aluminum fasteners is zero.

Analyzing the Export - Import Statistics

There are two important points in India Import - Export statistics:

A- Although India has a border with China, India import statistics show that Indian businessmen and manufacturers in the fastener industry find an effective managerial way to stop the Chinese export storm in fastener field.

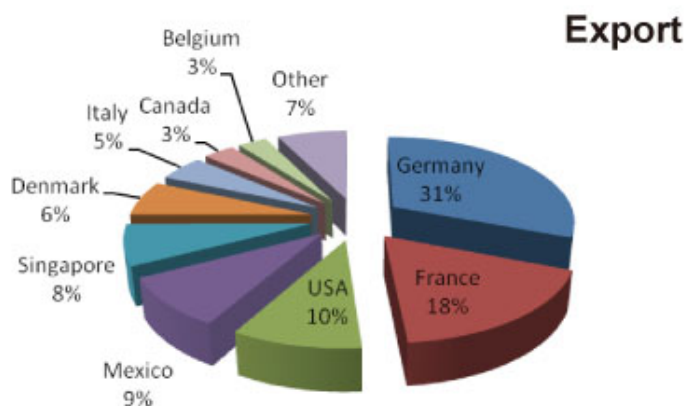
B- However the Western importing standards are very strict. India export statistics show that more than 80% of their exports were to the western countries in 2011. Hence we can guess that Indian's productions have high quality.

Therefore the leader countries in the fastener field should accept India as a powerful competitor in this field.

India Market Trend

One of the hot markets for fastener producers is the automotive market. If producers have the following abilities then they can penetrate in this market:

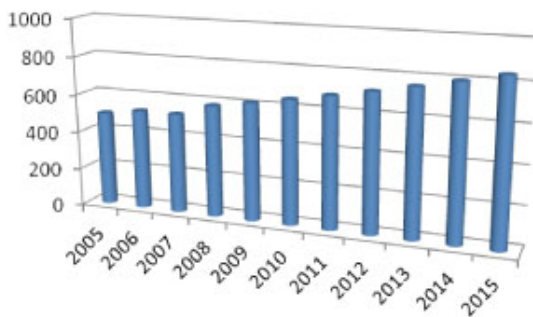
- A-** High quality production and
- B-** High quality management and
- C-** Desirable price.



Based on Philip M. Parker, Professor, INSEAD, Copyright2009 statistics, India automotive industry needs are as below:

Year	Automotive Fastener (Million USD)	Year	Automotive Fastener (Million USD)
2005	494.59	2010	649.36
2006	522.55	2011	684.26
2007	522.09	2012	721.02
2008	583.29	2013	759.61
2009	616.05	2014	800.25
		2015	843.07

Automotive Fastener (Million USD)



The main states that use automotive fasteners in India are:

India: The Use of Automotive Fasteners in 2010		
State	World Ranking	Demand (Million USD)
Maharashtra State	17	112.00
Uttar Pradesh State	27	76.91
West Bengal State	48	51.89
Andhra Pradesh State	50	49.85
Tamil Nadu State	60	44.77
Gujarat State	70	40.48
Madhya Pradesh State	71	40.39
Karnataka State	80	36.68
Bihar State	81	36.60
Rajasthan State	110	28.62
Punjab State	111	28.44
Haryana State	145	20.43
Kerala State	158	19.04
Orissa State	177	16.21
Union Territories	187	14.97
Other		32.08

Source: Philip M. Parker, Professor, INSEAD, Copyright2009

Final Analysis

Based on the following data:

- A- Asia supplies an amount of USD242.826 million of the world's aluminum fastener needs.
- B- India with an export value of USD1.762 million (about 0.07%) has a small share in this business.
- C- The import value of aluminum fasteners is zero in India.
- D- The automotive fastener market in India is more than USD680 million, which is a desirable market.

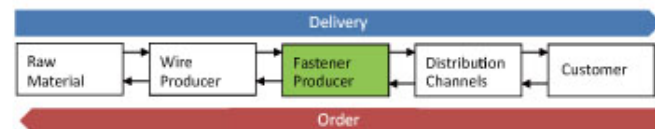
India's situation in the fastener market could be summarized in two words: Giant and Closed market.

To conclude, penetrating in a closed market is very difficult but this kind of market is not impenetrable. Penetrating strategies like new B2B marketing strategy methods or M&A strategies, etc. help producers develop effective succession plans.

Penetrating Strategies Implementing New B2B Marketing Strategies

Capable managers should be able to develop their business in a market that isn't through demand. The key of market developing is "creating customer value through the marketing process" so that for achieving this goal, companies should follow the below steps.

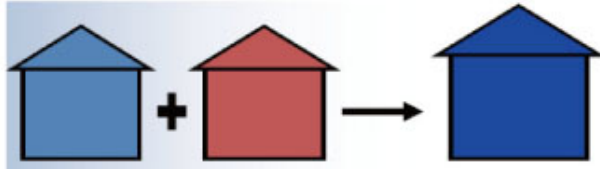
- 1st Step: Analyzing client profitability.
- 2nd Step: Re-organizing marketing process
 - a- Marketing does not represent extra costs. It is investment and should be part of the company' vision.
 - b- Marketing staff should know about their company production line.
 - c- Marketing is the mainstream in the company and other activities should follow it.
- 3rd Step: Defining the value that the company delivers to the target market and vise versa.
- 4th Step: Modifying customer connection from "field visiting" to "website visiting."
- 5th Step: Managing channel relationship. The following diagram shows the channel relationship for a fastener producer.



Nowadays competition is between "Networks", not "Companies." Therefore, the winner is the company with the better network system.

M&A Strategies

A simple definition of Merger and Acquisition (M&A) is shown as follows:
Merger: The consolidation or combination of one firm with another.



Acquisition: The purchase of one firm by another so that the ownership transfers.



Taiwanese fastener producers can penetrate in the Indian market by the following models:

A-A Taiwanese fastener producer can join with a fastener producer (Merger) or buy a fastener producer (Acquisition) in India. This method was named horizontal M&A.

B-A Taiwanese fastener producer can join with a potential customer like an automotive spare parts producer (Merger) or buy a potential

customer (Acquisition) in India. This method was named vertical M&A.
C-A Taiwanese fastener producer can join with a trading company (Merger) or buy a trading company (Acquisition) in the Indian market. This method was named conglomerate M&A.

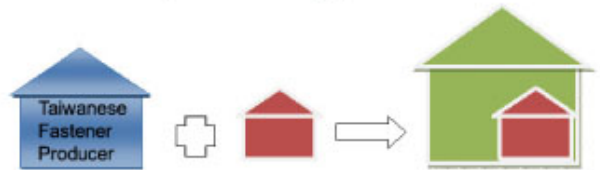
Acquisition Methods

Horizontal

- A merger in which two firms in the same industry combine.
- Often in an attempt to achieve economies of scale and/or scope.

Vertical

- A merger in which one firm acquires a supplier or another firm that is closer to its existing customers.
- Often in an attempt to control supply or distribution channels.



Conglomerate

- A merger in which two firms in unrelated businesses combine.
- Purpose is often to "diversify" the company by combining uncorrelated assets and income streams.

35 years of experience in manufacturing
51 million *Star-Shaped Pipe Inserts*

*Applications: Exercise Equipment,
 Steel-Tube Furniture Products,
 Display Racks, and Medical Assistance Devices.*



Maximum torsion:
 100 lbs./inch
 ≈ 105kgf . cm

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