

# Global Fastener Suppliers' Operation

by Techin Huang, Industry Analyst of MIRDC

**T**here are several large fastener companies providing multinational marketing and production service worldwide, but the concentration of industry is still low and most of the fasteners are manufactured by SMEs. Low-end and standard products are mainly supplied by companies from developing countries, where the concentration of industry is low. In contrast, high-end and specialty fasteners are mostly manufactured by companies headquartered in developed countries, where the concentration of industry is high. The situation is especially significant in the production of aerospace fasteners, which are usually supplied by a minority of companies like Acument, Alcoa, Link Solutions for Industry (LISI), and Precision Castparts Corp. (PCC).

Top 5 largest fastener manufacturers are ITW, PCC, Alcoa, LISI, and Nippon Industrial Fastener Company (NIFCO), all of which represent 10% of global sales revenues. As more and more small enterprises from China and Taiwan go in to share the market, the current market share for the top 5 companies is shrinking. Among these 5 companies, ITW, NIFCO, and PCC supply a variety of industrial components; Alcoa is a manufacturer of metal materials; LISI is specialized in producing fasteners and other assortment.

ITW, PCC, and Alcoa are headquartered in the U.S.; LISI and NIFCO also have manufacturing lines in the U.S.; France-based LISI is the company in Western Europe with the highest production value; Japanese NIFCO takes the lead in Asia Pacific. All these companies have their own manufacturing lines around the world and their products are available for sales in many countries. ITW and NIFCO devote themselves to developing standard fasteners, while Alcoa, PCC, and LISI, though manufacturing standard parts, are also leading manufacturers of aerospace fasteners. Current business activities of the top 5 companies are shown as Table 1.

**Table 1. Operation of Top 5 Largest Fastener Suppliers**

Company	Revenue in 2012	Product Category	Current Activity
1 ITW		Fasteners for household appliances, construction, and automobiles	It employs power differentiation, so every affiliated company around the world is highly independent and can adjust their capacity based on local market trends. ITW adopts the 80/20 rule and is devoted to developing products and customers that can achieve the highest profit. 80% of its sales are from 20% of the key customers.
2 PCC	USD8.4 billion	Aerospace fasteners and fastening systems	It has full experience in strategic acquisition and is able to effectively incorporate the acquired company into the operation of the parent company. In addition, products and service of the acquired company are complementary to those of the parent company and most of the managerial staff in the acquired company will still be on their positions for keeping the business running without support from the parent company.
3 Alcoa		Aerospace fasteners and industrial fastening systems	Its main business is not for fasteners, so only a few of the total revenue are generated from fasteners. Alcoa utilizes its scale economy to acquire small fastener companies and further completes vertical integration. For example, it purchased the aerospace fastener division of U.S. TransDigm Group, enabling itself to get into the market of aerospace equipment in UK and the U.S.
4 LISI	EUR1.1 billion	Aerospace, automotive, and medical fasteners	Over 80% of its revenue is from fastener business. It focuses on the aerospace and automotive markets in Western Europe. As it concentrates on the development of high end products, it is less likely to earn profit in countries with high growth rates like China and India.
5 NIFCO		Mostly plastic fasteners and components	It aims at the automotive market of developing countries, especially China and India, as well as broadens the usage of plastic fastener technology to gradually replace traditional metallic fasteners.

Source: World Industrial Fasteners (Freedonia Group), related companies, arranged by MII-IT IS of MIRDC

As the fastener market has become more and more international, how to reach the scale economy of production is very significant. In addition, the design of products has become more and more precise and the requests of OEMs for design/technical support and other value added service are also increasing, it has been harder for small companies to compete with large companies with advanced technology and financial resources. Reviewing the trend of merger and acquisition, it is forecast that major companies in the industry will gain more share in the total production value and that the concentration of the fastener industry will increase.

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