

The Future of Automotive Fasteners



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What is the Market Situation?

Based on car model, the consumption of fasteners in a car is different. Evidence shows that it is between 5,000 pieces to 7,000 pieces in each car. In this article we assume that the fasteners used in a car total about 6,000 pieces.

The following table shows the cars produced from 2010 up to now and with a simple calculation we can have the volume of fasteners used in the automotive industry.

	2010	2011	2012	2013	2014
Cars Produced	77.6 million	80.1 million	84.1 million	87.5 million	89.7 million
Fasteners Used	465.8 billion	480.6 billion	504.6 billion	525 billion	538.2 billion
Growth Rate (%)	-	3%	5%	4%	2.5%

Based on the assumption in this article, the average price for each automotive fastener is 2 American cents; therefore, the value of the automotive fastener market is about 10 billion USD. The size of the fastener market (for all fastener types) is about 80 billion USD, we can conclude that approximately 12.5% of fasteners produced are used in the automotive industry.

Reports indicate that the world demand for industrial fasteners will climb 5.4% annually to US\$93.8 billion by 2010. These statistics show that the growth rate of the automotive fastener market is lower than the growth of industrial fasteners. Hence, it can be a clue for investors, business owners, and managers if they are interested in developing their production through producing automotive fasteners.

Where is the Market?

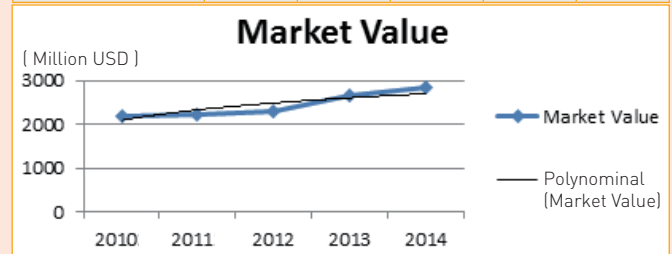
The following table displays top 10 users of automotive fasteners since 2010. These top 10 countries consume more than 75% of automotive fasteners in the whole world.

Item	Country	2014	2013	2012	2011	2010
1	China	142.3	132.7	115.6	110.5	109.6
2	United States	70.0	66.4	62.0	52.0	46.5
3	Japan	58.6	57.7	59.7	50.4	57.8
4	Germany	35.4	34.3	33.9	36.9	35.4
5	South Korea	27.1	27.1	27.3	27.9	25.6
6	India	23.0	23.4	25.0	23.6	21.3
7	Mexico	20.2	18.2	18.0	16.1	14.1
8	Brazil	18.9	22.3	20.4	20.4	20.3
9	Spain	14.4	13.0	11.9	14.2	14.3
10	Canada	14.4	14.3	14.8	12.8	12.4
Top 10 total		424.3	409.4	388.6	364.8	357.3
World		538.2	525.0	504.6	480.6	465.8

Unit: billion pieces

China

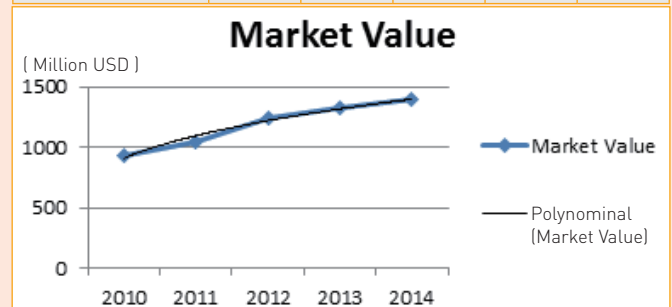
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	2,846	2,654	2,312	2,210	2,190
Growth Rate (%)	7.3%	14.8%	4.6%	0.8%	-



Statistics show that Chinese car producers have sharply increased their production capacity since 2011. The value of automotive fasteners used in China has grown by 3 times faster than the industrial growth, which can be an active market for automotive fastener producers.

United States

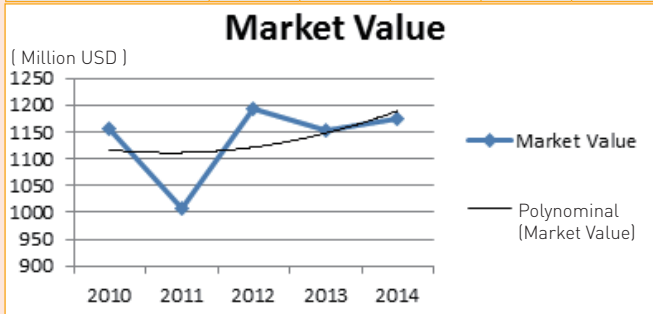
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	1,400	1,328	1,240	1,040	930
Growth Rate (%)	5.4%	7.1%	19.3%	11.9%	-



United States as the second biggest market of automotive fasteners also has a growing market. However, the speed of growth has become low in this market since 2013, it can be a stable market for automotive fastener producers.

Japan

Year	2014	2013	2012	2011	2010
Market Value (Million USD)	1,172	1,154	1,194	1,008	1,156
Growth Rate (%)	1.5%	-3.1%	18.4%	-12.8%	-

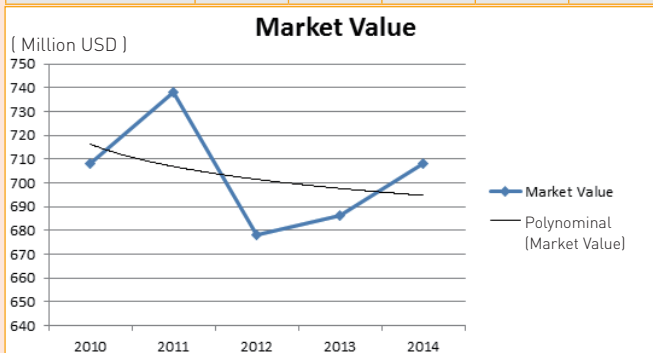


Japanese automotive industry once experienced significant fluctuations in the automotive fastener industry, but we can see that in recent years they have shown growth in this market.

Although Japan has very famous car brands such as Toyota, Nissan, etc., after years of standard settings for quality and reliability, Japanese auto brands have dropped below the industrial average, thus causing this downturn in the Japanese car industry, according to a new report by J.D. Power and Associates.

Germany

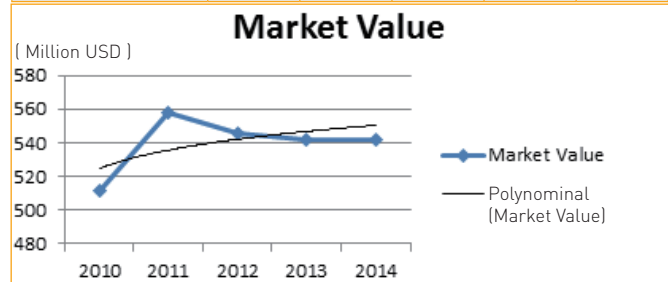
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	708	686	678	738	708
Growth Rate (%)	3.3%	1.2%	-8.1%	4.1%	-



German automotive market was hit by an inflation in 2012. After 2 years the car producers still couldn't cover their sales amount. It directly affected the automotive fastener market. According to our point of view, we predict that this market will have a negative growth for the future years.

South Korea

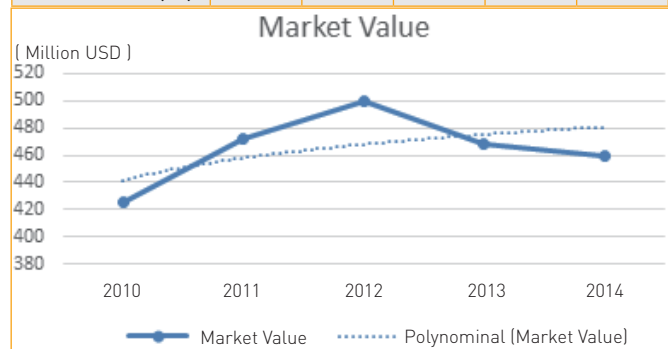
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	542	542	546	558	512
Growth Rate (%)	0%	-0.7%	-3%	9%	-



According to the above statistics, the market growth of South Korea has been zero in recent years. The change in Korean buyers' taste was one of the main reasons for this phenomenon. The increasing number of high-end imported cars with famous brand names like BMW, Mercedes-Benz and Lexus is in stark contrast to five years ago when the country's auto market was virtually monopolized by the two domestic names of Hyundai and Kia. Korean car producers have now tried to compensate their inquiry reduction by increasing their car quality. They almost succeed, but the biggest challenge that they will face is that a high quality car with a low price is a danger for them.

India

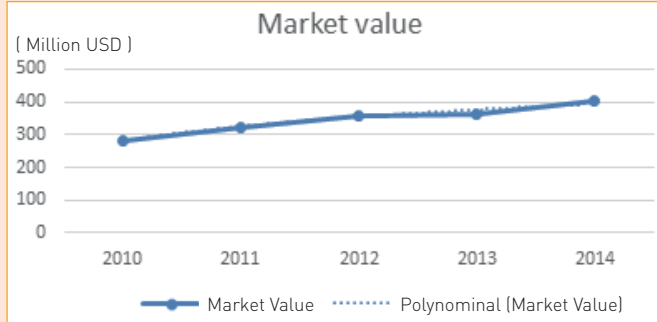
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	460	468	500	472	426
Growth Rate (%)	-1.5%	-6.6%	6.3%	10.4%	-



India experienced a decline of production between 2012 and 2013; they almost controlled it in 2014; therefore, we can analyze their market with a gentle slope.

Mexico

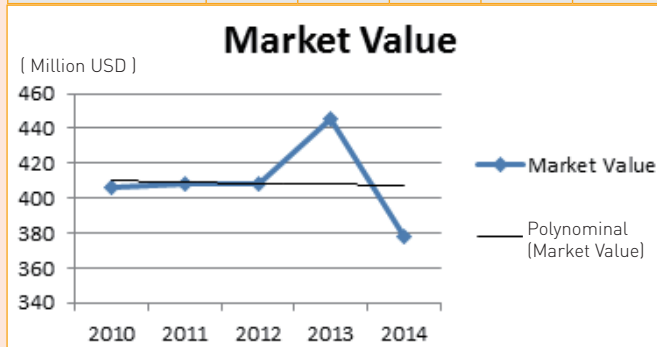
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	404	364	360	322	282
Growth Rate (%)	10.2%	1.8%	12.0%	14.5%	-



As the above graph shows, Mexican auto fastener market has grown 2 times during the past 4 years! We can infer that this growth mainly resulted from the investments in new factory setups in Mexico of famous car brands like Audi and Nissan; therefore, the fastener market has been increasing abruptly.

Brazil

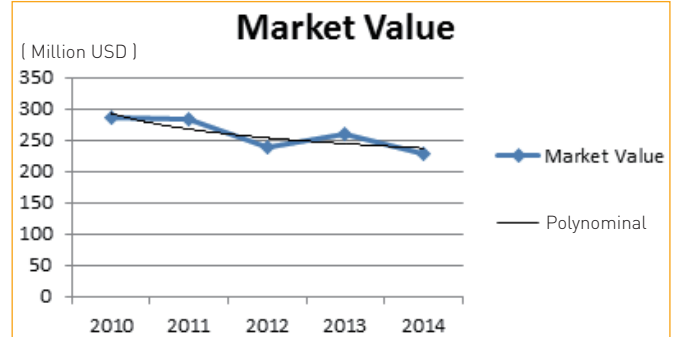
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	378	446	408	408	406
Growth Rate (%)	-15.3%	9.1%	-0.2%	0.8%	0.8%



Brazil had a stable market with nearly zero percent growth rates from 2010 to 2012. It experienced a booming market in 2013, but its market suddenly rejected this sharp growth in 2014. The main reason for this problem could be the fact that the automotive market in Brazil was suffering heavily from the weak macro-economic environment and lack of consumer credits.

Spain

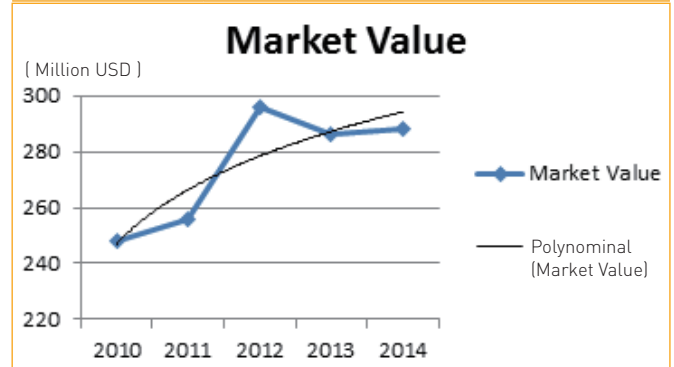
Year	2014	2013	2012	2011	2010
Market Value (Million USD)	228	260	238	284	286
Growth Value (%)	-12.3%	9.2%	-16.2%	-0.7%	-



Spain, as the 2nd biggest car manufacturers in Europe after Germany, has shown negative growth since 2010.

Canada

Year	2014	2013	2012	2011	2010
Market Value (Million USD)	228	286	296	256	248
Growth Rate (%)	0.6%	-3.4%	15.4%	3.2%	-



Based on the above graph, Canadian automotive fastener market shows sharp growth.

Summary

According to the automotive fastener market, the production of car manufacturers has been growing about 3.5% annually. Although it can be translated into a downturn since 2010 up to now, the market is quite good and big enough for manufacturers to analyze each region for entrance and penetrating there.

Based on the market size, we can suggest that Taiwanese fastener producers, especially newcomers, should focus on Asian market, while North America, Europe and South America can be considered to be the next priority. ■