

# Strategies for Taiwanese Automotive Fastener Producers



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## in Top 10 Car Manufacturing Countries

### Which Country is the Biggest User of Automotive Fasteners?



#### China

China as the biggest car manufacturer produced more than 23.5 million units of vehicles in 2014.

According to several parameters, this market can be the first choice for Taiwanese automotive fastener producers. Some of these parameters are:

- The biggest market in the world.
- Similar culture.
- Short transportation distance.

Based on the statistics, Japan shares a 26.7% market share in China and is introduced as the leader of automotive fastener exporter in this country; the 2nd country is Germany with a 20.6% market share, and Taiwan is the 5th automotive fastener exporter to China with a 5.9% market share. Statistics show that although some parameters like the distance between countries or culture are important, if you want to sell your products in other countries, you should position yourself in consumers' minds of destination countries. Statistics show that Taiwanese automotive fastener producers have not made a success in this section yet.

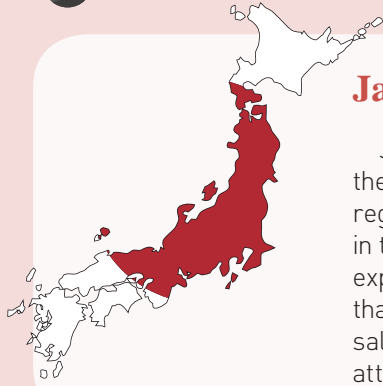
Based on Taiwan's position in the Chinese market, I suggest that Taiwanese automotive fastener producers should follow the "guerilla strategy". With this strategy, Taiwanese producers should find a segment in the automotive industry in the Chinese market that is defendable by them; therefore the selected segment by Taiwanese producers should be small (They shouldn't offer a lot of different types of automotive fasteners; they must narrow their goal in this market). Taiwanese resources are not enough to fight with German and Japanese exporters directly in China; hence, they also should know that they are not a leader in automotive fasteners in China. In a simple word, it is not important how successful Taiwanese exporters become in China. If Japanese or German exporters try to export the same as Taiwanese fasteners to a common customer, Taiwanese company should leave that customer. In other words, they can't compete with Japanese or German exporters in China.

#### USA

Although USA is the 2nd biggest car producer in the world, its market scale is half of China's! Taiwanese exporters are ranked as the 1st automotive fastener exporter to USA with a 31.1% market share! China is the 2nd biggest exporter to the U.S. market with a 23.9% market share, and Japan is in the 3rd place with a 13.1% market share.

In this market Taiwanese automotive fastener producers should defend their market share by attacking themselves. In a simple world, they should act creative in this market. They also have another opportunity. If the Chinese or Japanese exporters attack Taiwanese exporters in this market by bringing innovative fasteners, Taiwanese companies should bring other more innovative products rapidly to defend their market share in USA.





## Japan

Japan is the 3rd biggest car producer in the world; Taiwanese exporters are ranked as the 2nd largest exporter with a 24.9% market share in Japan. China is the leader in this region with a 35.7% market share, and U.S. automotive fastener producers are ranked in the 3rd place with an 18.2% market share. Our suggestion to Taiwanese fastener exporters in this market is to adopt the “offensive strategy.” With this strategy, I suggest that Taiwanese manufacturers should pay more attention to Chinese products, prices, sales, and distribution, and should find the strengths of these exporters in Japan and attack their weaknesses.

## Germany

Germany as the 4th biggest car producer can be a good market for automotive fastener producers. Taiwan is ranked as the 2nd biggest exporter with a 10.5% market share after Italy with a 15.4% market share. Switzerland and Netherlands are ranked as the 3rd and 4th with an 8.7% and an 8.6% market share, respectively. Our suggestion to the Taiwanese manufacturers is the same as in the Japanese market, that is, the offensive strategy. The other point in this market is the 3rd and 4th biggest exporters to Germany, as they are surely attacking Taiwanese producers seriously, and therefore Taiwanese fastener producers should act quick and clever in Germany.



## South Korea

South Korea is the 5th biggest car producer and Taiwanese automotive fastener producers are ranked as the 4th biggest exporter to this country with a 5.1% market share; China with a 32.5% market share in South Korea is the leader; USA has a 24.8% market share and is ranked in the 2nd place before Germany with a 7.6% market share.

In this region I suggest that Taiwanese automotive fastener producers should choose the “flanking strategy.” With this strategy, Taiwanese factories should export innovative fasteners (new brands) to surprise Chinese, American and German exporters in South Korean market. They should also note that the success of their flanking attack often hinges on their ability to create and maintain a separate category in automotive fastener segment.



## India



India as the 5th biggest car producer and Taiwan is ranked as the 9th exporter in this market. Its market share in India is just 3.8%. Japan with an 18.4% market share is the leader of this region. China is ranked in the 2nd place with a 16.9% market share and Germany has a 13.7% share of this market and is ranked as the 3rd biggest country. I suggest that Taiwanese exporters to India should use the guerrilla strategy the same as what they use in the Chinese market.

## Brazil

Taiwanese exporters with a 5.7% market share couldn't have a better position than they are in the 7th biggest car producer. In the Brazilian market, the 1st to 3rd biggest exporters are USA with a 20.8% market share, China with a 17.9% market share, and Germany with an 11.4% of market share. The guerilla strategy is the best choice for Taiwanese exporters.



## Mexico

Taiwan is the 2nd biggest exporter of automotive fasteners to Mexico, but its distance from USA as a leader in this market is very large! Taiwanese producers have an 11.8% market share in Mexico, while U.S. producers have a 52.9% market share in this country. China with a 10.8% market share is ranked in the 3rd place. Although Taiwanese exporters are ranked in the 2nd place, it is better for them to use the offensive strategy, but because of the large difference between the 1st and the 2nd biggest exporters, I suggest that Taiwanese automotive fastener producers should use the flanking strategy, the same as what they use in the South Korean market.





## Spain

Taiwan is ranked as the 4th biggest exporter to Spain in the field of automotive fasteners, and the strategy is the same as what they use in the South Korean market:

the flanking strategy. The market statistics are illustrated as below:

- Germany with a 22.5% market share is the leader of this market.
- France with a 17.5% market share is ranked in the 2nd place.
- Italy with a 14.5% market share is ranked in the 3rd place.
- Taiwan with a 9.4% market share is ranked in the 4th place.

## Canada

Canada is the 10th biggest car producer. The Canadian market is the same as the Mexican market where Taiwan is introduced as the 2nd biggest exporter with a 12.9% market share. On the other hand, USA as the leader in this market has a 54.7% market share. So, anything that works in the Mexican market also works in the Canadian market. China is in the 3rd place with an 11.1% market share in Canada.



## Conclusion

In this article I studied the situations of Taiwanese automotive fastener producers in the top 10 biggest car manufacturing countries. As I mentioned in each market based on the situations of Taiwan, its producers should use a specific strategy and they should note that the strategy useful for the leader may not be also a good strategy for the 2nd biggest exporter and vice versa. The following table is a summary for suitable strategies based on each exporter's situation.

| Item no. | Position(s) of Exporter(s) in a Market         | Suitable Strategy |
|----------|--|-------------------|
| 1        | The leader                                     | Defensive         |
| 2        | The 2 <sup>nd</sup> and the 3 <sup>rd</sup>    | Offensive         |
| 3        | The 4 <sup>th</sup> and the 5 <sup>th</sup>    | Flanking          |
| 4        | The 6 <sup>th</sup> and others following after | Guerrilla         |

