

Is ASEAN the Right Market for Our Fastener Production?



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Introduction

The Size of ASEAN Market:

Importer	Import Value
World	\$ 37,978,584
ASEAN	\$ 2,495,096
% of the world	6.6%

*Values are in Thousand USD

About 7% of the imported fasteners were allocated to ASEAN region in 2015. Although this percentage does not announce a huge market but 2.5 billion USD (ASEAN imported value) is quite big for some fastener suppliers in the world.

The Main Players in ASEAN Fasteners Market

Japan

	2011	2012	2013	2014	2015
Japan export to ASEAN	1,024,189	1,201,568	1,089,624	949,114	722,530
ASEAN import from world	2,742,791	2,978,233	2,926,137	2,902,609	2,495,096
Japan export to the world	3,158,597	3,374,997	3,056,492	2,843,732	2,475,599
Japan export to ASEAN / Japan export to world	32%	36%	36%	33%	29%
Japan export to ASEAN / ASEAN import from world	37%	40%	37%	33%	29%

*Values are in Thousand USD

Japan is the leader of fastener suppliers in the ASEAN region but its market has been hit seriously since 2012. Comparing the percentage of “Japan export to ASEAN /Japan export to world (29%)” and the percentage of “Japan export to ASEAN / ASEAN import from world (29%)” shows that these two indicators related are 1; in a simple word, ASEAN market is fit for Japanese producers. Therefore, they should fight for keeping their market share in the ASEAN market by a defensive strategy. A defensive strategy is appropriate for the market leader. Ries and Trout outline three basic principles of defensive marketing warfare:

- Defensive strategies only should be pursued by the market leader. It is self-defeating for a firm to pretend that it is the market leader for the purpose strategy selection. The market leader is the firm who has attained that position in the minds of consumers.
- Attacking yourself is the best defensive strategy. Introducing products better than your existing ones pre-empts similar moves from the competitors. Even if the new product has less profit margin and may reduce short-term profit, it accomplishes the more important long-term goal of protecting the firm's market share.
- The leader always should block strong offensive moves made by competitors. If the leader fails to do so, the competitors may become entrenched and permanently maintain the market share.

But a detailed view to Japan exported fastener statistics shows that the value of Japanese exported fasteners has decreased from 10 USD/ton in 2012 to 7.5 USD/ton in 2015. It seems that Japanese producers tried to keep their market through decreasing their fastener prices. Strange decision and wrong strategy!

Japan is positioned as a high technology country in the minds of potential buyers, and high technology is naturally expensive. Decreasing the price means Japan has damaged its position, and therefore, other countries can attack its market easily. The best suggestion is to return to exporting high technology fasteners at higher prices to the ASEAN region. It is predicted that the quantity of Japan exported fasteners may drop but they can keep their market in terms of value and therefore they can keep their profit.

China

	2011	2012	2013	2014	2015
China export to ASEAN	462,533	436,133	453,570	518,609	622,253
ASEAN Import from world	2,742,791	2,978,233	2,926,137	2,902,609	2,495,096
China export to world	4,663,213	4,512,320	4,603,966	5,059,194	4,897,713
China export to ASEAN / China export to world	10%	10%	10%	10%	13%
China export to ASEAN / ASEAN import from world	17%	15%	16%	18%	25%

*Values are in Thousand USD

China is the 2nd biggest supplier of fasteners in the ASEAN region. Comparing the percentage of “China export to ASEAN / China export to world (13%)” to the percentage of China export to ASEAN / ASEAN import from world (25%)” shows that these two indicators related are 0.52, in a simple word, the ASEAN market is a reasonable market for Chinese producers.

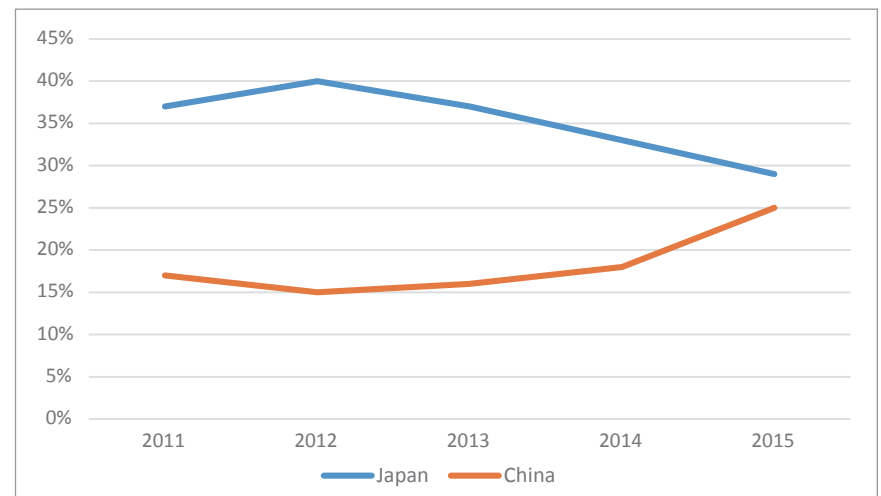
Chinese producers have chosen a correct strategy- offensive strategy, and therefore, they attacked the leader- Japan and it seems that Japan is surprised and lost its market step by step. It is predicted that China will become the leader in the ASEAN region in 2016.

An offensive strategy is appropriate for a firm that is number 2 or possibly number 3 in the market. However, in some cases, no firms may be strong enough to challenge the leader with an offensive strategy. In such industries, the market leader should play a defensive strategy and the much smaller firms should play a flanking or guerrilla one. Ries and

Trout present the following three principles of the offensive strategy:

- The challenger's primary concern should be the strength of the leader's position, not the challenger's own strengths and weaknesses.
- The challenger should seek weakness in the leader's strength - not simply a weakness in the leader's position.
- Attack on a front as narrow as possible. Avoid a broad attack. The strength of the leader's position is of primary importance because the leader has the top position in the minds of consumers, and it is this position that must be attacked.

The following graph shows that the winner of Japan-China war in the ASEAN region is China:



Taiwan

	2011	2012	2013	2014	2015
Taiwan export to ASEAN	209,837	215,410	222,011	236,959	219,891
ASEAN import from world	2,742,791	2,978,233	2,926,137	2,902,609	2,495,096
Taiwan export to the world	3,819,268	3,595,489	3,676,532	4,046,332	3,877,010
Taiwan export to ASEAN / Taiwan export to world	5%	6%	6%	6%	6%
Taiwan export to ASEAN / ASEAN import from world	8%	7%	8%	8%	9%

*Values are in Thousand USD

Taiwan is the 3rd biggest supplier of fasteners in the ASEAN region. Comparing the percentage of “Taiwan export to ASEAN / Taiwan export to world (6%)” to the percentage of “Taiwan export to ASEAN / ASEAN import from world (9%)” shows that these two indicators related are 0.67; in a simple word, the ASEAN market is a reasonable market for Taiwanese producers.

The gap between the 1st and the 2nd suppliers with Taiwan is huge (at least 15%), if Taiwanese suppliers want to improve their market in the ASEAN region, they have to use a flanking attack. It is not a direct attack on the leader, but rather, an attack in an area where the leader has not established a strong position. Ries and Trout present the following three flanking principles:

- A flanking move is best made in an uncontested area. The product should be in a new category that does not compete directly with the leader and should be the first to target the segment.
- A flanking move should have an element of surprise. A surprise is important to prevent the leader from using its enormous resources to counter the move before it gains momentum.

Singapore

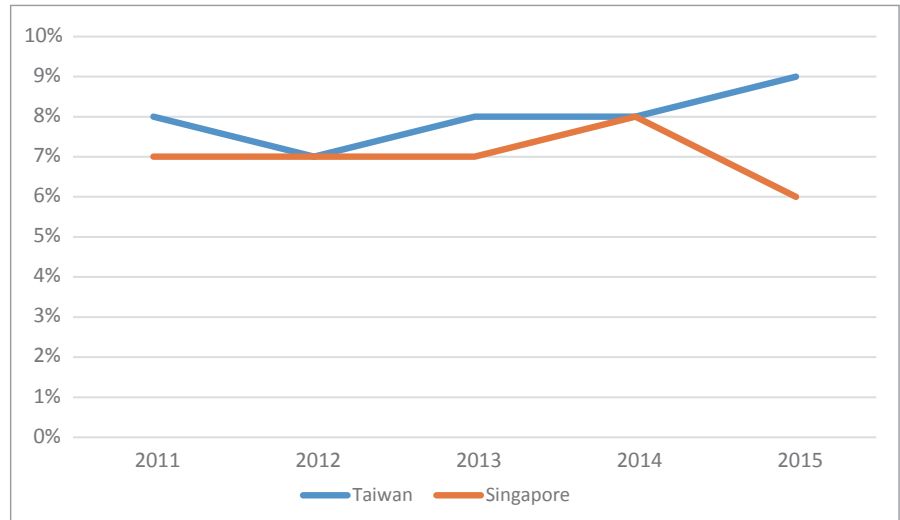
	2011	2012	2013	2014	2015
Singapore export to ASEAN	194,120	215,320	206,789	220,261	153,420
ASEAN import from world	2,742,791	2,978,233	2,926,137	2,902,609	2,495,096
Singapore export to world	296,077	263,927	271,826	315,926	285,225
Singapore export to ASEAN / Singapore export to world	66%	82%	76%	70%	54%
Singapore export to ASEAN / ASEAN import from world	7%	7%	7%	8%	6%

*Values are in Thousand USD

Singapore is the 4th biggest supplier of fasteners in the ASEAN region. Comparing the percentage of “Singapore export to ASEAN / Singapore export to world (54%)” to the percentage of Singapore export to ASEAN / ASEAN import from world (6%)” shows that these two indicators related are 9; in a simple word, the ASEAN market is the main market for Singaporean producers.

The statistics shows that Singapore could not keep its market share between 2012 – 2015. It lost 28% of the market in ASEAN in the same period. If it wants to improve its market, it has to use the flanking strategy mentioned in the paragraphs of Taiwan.

The following graph shows that the winner of Taiwan-Singapore war in the ASEAN region is Taiwan:



Conclusion

The marketing concept states that a firm's goal should be to identify and profitably satisfy customer needs. In Marketing Warfare Al Ries and Jack Trout argue that marketing is war and that the marketing concept's customer-oriented philosophy is inadequate. Rather, firms would do better by becoming competitor-oriented. If the key to success is to introduce products closest to those wanted by customers, then the market leader simply would be the firm that performed the best market research. Clearly, much more is required. based on this concept, look again at these countries.

ASEAN is a vital market for Japan and Singapore; however, they did not mention the soul of competition, and therefore, they has lost their market share since 4 years ago. On the other hand, China and Taiwan have used correctly the created opportunities and improved their markets in this region.

The Other Players in ASEAN Fasteners Market

The following table shows that the rest of players in the fastener field in the ASEAN market:

Exporters	2011	2012	2013	2014	2015
USA	\$ 179,062	\$ 172,759	\$ 187,956	\$ 184,482	\$ 139,639
Malaysia	\$ 122,068	\$ 144,274	\$ 156,794	\$ 146,289	\$ 128,706
Thailand	\$ 122,619	\$ 128,162	\$ 128,386	\$ 117,211	\$ 110,242
S. Korea	\$ 75,389	\$ 77,241	\$ 95,035	\$ 105,374	\$ 87,627
Germany	\$ 69,161	\$ 79,945	\$ 83,376	\$ 84,918	\$ 61,661
UK.	\$ 35,368	\$ 41,809	\$ 42,806	\$ 52,216	\$ 45,213
Australia	\$ 32,807	\$ 37,415	\$ 41,191	\$ 57,104	\$ 40,863
Indonesia	\$ 63,509	\$ 46,358	\$ 43,111	\$ 42,144	\$ 28,036
HK	\$ 22,649	\$ 20,740	\$ 22,135	\$ 23,762	\$ 19,299
Italy	\$ 24,051	\$ 26,969	\$ 30,254	\$ 27,423	\$ 17,913
France	\$ 15,347	\$ 15,878	\$ 15,807	\$ 18,408	\$ 12,960
Vietnam	\$ 7,895	\$ 12,195	\$ 10,130	\$ 12,433	\$ 11,540

*Values are in Thousand USD

References: Marketing Warfare, Al Ries, Jack Trout
http://www.uhu.es/45122/temas/P&SC/Theme3_MarketingWarfare.pdf



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Electro Galvanized
Shank Type: Smooth; Ring



ROUND HEAD WIRE WELD COIL
Finish: Brite; Hot Dip Galvanized;
Electro Galvanized
Shank Type: Smooth; Ring; Screw



FULL ROUND OFFSET HEAD PAPER COLLATED STRIP
Finish : Brite; Hot Dip Galvanized;
Electro Galvanized
Shank Type: Smooth; Ring



ROUND HEAD PLASTIC COLLATED STRIP
Finish: Brite; Hot Dip Galvanized;
Electro Galvanized
Shank Type: Smooth; Ring; Screw



ROUND HEAD PAPER COLLATED STRAP TITE
Finish : Brite; Hot Dip Galvanized;
Electro Galvanized
Shank Type: Smooth



BULK NAILS : Common; Sinkers; Box;
Finish: Joist Hanger; Casing; Tile; Roofing;
Spikes; Machine Quality
Finish : Brite; Hot Dip Galvanized;
Electro Galvanized
Shank Type: Smooth; Ring; Screw



MACHINE QUALITY PALLET NAILS (BULK)
Finish: Brite
Shank Type: Ring, Screw



BULK DUPLEX NAILS
Finish : Brite; Hot Dip Galvanized;
Electro Galvanized
Shank Type: Smooth



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