

What is Happening in the Fastener Industry in the World?

by Sharareh Shahidi Hamedani

Being Customer Oriented Isn't the Best Marketing Strategy

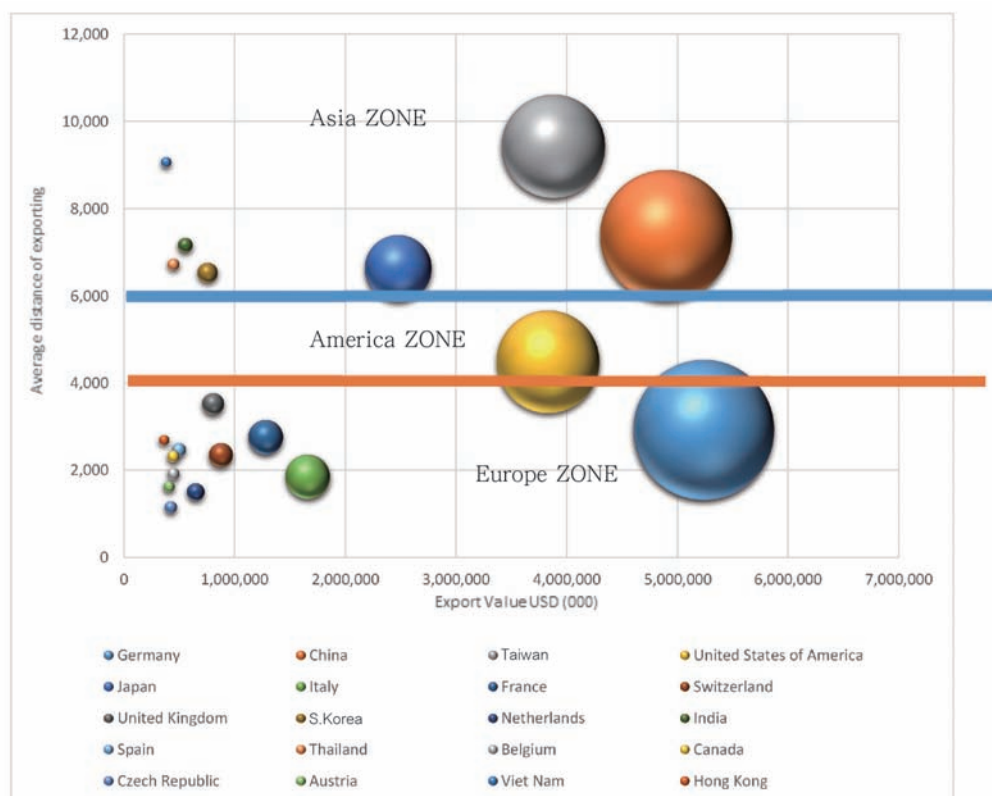
Focus on the Competition and Then Do Something Different

The interview of Al Ries (a branding and marketing guru) with a media is caused to look at the fastener industry through this approach and compare countries opportunities in this article. 9 May 2016, Al Ries told:

“What wins in marketing today? The conventional wisdom is "customer centricity." As one pundit put it, "Connect with customers based on their behaviour or where they are in their purchase or life cycle." Who can argue with that? I can. In 2009, we started working in China with Great Wall Motor. At the time, the company made trucks, sedans, minivans and SUVs and marketed them under nine brand names: Coolbear, Deer, Florid, Haval, Lingao, Peri, Sailing, Socool and Wingle. So what did we recommend? We recommended that the company focus on Haval, its SUV brand. Why SUVs? The company's research showed that Chinese customers preferred sedans because they looked more prestigious. On the other hand, Chinese customers thought SUVs were practical vehicles with no social status. So we figured that the other 28 Chinese automobile companies would focus on sedans because they looked customer oriented and that's what Chinese customers wanted. And that's exactly what they did, leaving the SUV field open for Great Wall to dominate. As a result of being competitor oriented (and not customer oriented) Great Wall became the largest, most-profitable Chinese automobile company.”

The first 20 players in the fastener export field are:

Exporters	Trade Indicators		
	Value in 2015 (Thousand USD)	Share in World Exports (%)	Average Distance of Importing Countries (km)
World	33,628,836	100	4,898
Germany	5,235,134	15.6	2,925
China	4,895,713	14.6	7,382
Taiwan	3,877,010	11.5	9,429
USA	3,829,746	11.4	4,491
Japan	2,475,599	7.4	6,635
Italy	1,660,140	4.9	1,856
France	1,277,261	3.8	2,759
Switzerland	873,924	2.6	2,351
UK	805,612	2.4	3,525
S. Korea	753,576	2.2	6,539
Netherlands	647,098	1.9	1,504
India	552,017	1.6	7,165
Spain	494,041	1.5	2,477
Thailand	447,467	1.3	6,727
Belgium	445,891	1.3	1,925
Canada	443,160	1.3	2,316
Czech Rep.	421,510	1.3	1,155
Austria	404,587	1.2	1,630
Vietnam	379,015	1.1	9,069
Hong Kong	360,693	1.1	2,700



Distance Indicator

The study of the above diagram shows 3 different zones with different exporting countries being included:

A- Asia zone suppliers that share 41% of the fasteners exported in the whole world export their fasteners about 7,000 Km far from their factories.

B- America Zone suppliers that share 37% of the fasteners exported in the whole world export and sell their fasteners 4,000 Km far from their factories.

C- Europe Zone suppliers and European fastener producers that share 13% of the fasteners exported in the whole world export and ship their finished products about 2000 Km far from their factories.

Based on these statistics, the majority of the European fastener market is EU zone and the American fastener market is America continental. Asian producers ship their products to the whole world.

Price Indicator

The price is one of the most important indicators for fastener users. Based on the above data, European suppliers and buyers know the products and companies behaviours in their region and this story repeats for American suppliers. If we look at three of the European countries and the U.S.:

Country	Export Value in 2015 (Thousand USD)	Export Quantity in 2015 (MT)	Unit Price
Germany	5,235,134	790,225	6.6 USD/Kg
Switzerland	873,924	61,558	14.2 USD/Kg
Italy	1,660,140	418,769	4.0 USD/Kg
USA	3,829,746	559,555	6.8 USD/Kg

Now let's look at the most famous Asian countries in the fastener production field.

Country	Export Value in 2015 (Thousand USD)	Export Quantity in 2015 (MT)	Unit price
China	4,895,713	2,718,176	1.8 USD/Kg
Taiwan	3,877,010	1,470,457	2.6 USD/Kg
S. Korea	753,576	173,755	4.3 USD/Kg
Japan	2,475,599	329,405	5.5 USD/Kg

Why should fastener users in the whole world buy Chinese fasteners? The reason is that it is very cheap. And why should fastener buyers buy Taiwanese fasteners? The answer is that it is almost cheap. Now why the fastener buyers should buy their fasteners from Japan when they can buy from other countries like Germany and USA offering higher quality products? The price cannot help Japanese suppliers encourage their customers to buy their products, so they should find another way of soliciting clients if they want to be successful in the fastener market. Up to now it seems that they did not find an extra way yet, because the export quantity of Japan represents only 40% of Germany's export and 59% of U.S. export.

The same goes for S. Korea, too. When buyers can buy Italy's fasteners at the same prices offered by Korean suppliers, how can we expect to have a good market for Korean fasteners? The statistics clearly prove this claim. Italy has 4 times bigger export than S. Korea.

Last word

The price is an insufficient character for an industrial product like fasteners and countries should have another characters for their products because:

1- As always, a competitor can attack your market with lower prices or the same price with another specific character, like Germany and Japan.

2- Lower price means lower profit and it is risky for companies. Germany is the biggest exporter in terms of value; however, China is the biggest exporter in terms of quantity!

3- But if you do not find any other character for your product, you should position your product with the lowest or highest price, as an example, we can mention China (generally considered to offer the lowest fastener price) and/ or Switzerland (generally considered to offer the highest fastener price)