

# Hand Tool Market in Europe 歐洲手工具市場

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## Hand Tool Industry Overview

The hand tools and hardware market is one of the most consistently profitable industries worldwide, despite its low profile. In terms of sales volume, the industry is small in comparison with major manufacturing industries. However, growth in the hand tools and hardware industry has been remarkable.

The hand tools and hardware industry is one of the few in the world which is not affected by recession. During recessions, when other industries face slowdowns, the hand tool industry continues to fare better than most industries, due to the increase in demand among consumers who want to save money by doing the repair work themselves. Moreover, the hand tool market generally does not have such big problems with the crisis.

Hand tools are "low-tech", but the industry as such is highly automated, and employs state-of-the-art technology to produce high quality products. Product innovations are readily adopted into the mainstream and continued efforts are being made by producers to improve the efficiency of the tools to suit the preferences of different customers. One of the good examples is Germany, one of the largest exporters of precision tools including hand tools, power tools, tools for machine tools, grinding tools, molds and measuring instruments.

The expansion of the global hand tool industry is forecast to reach 4.6% p.a. in the coming years. Between 2007 and 2013 the market increased with an average annual growth of 6.3%.

Currently, electric hand-held drills account for 22.6% of the global demand while the remaining market share is divided into hand tool parts (11.6%), electric hand-held saws (9.2%), pneumatic hand tools (7.5%), chain saws (5.2%), and other hand tools (43.8%).

North America and Europe dominate the global hand tools and accessories market, followed by Japan. China, France and Germany. Japan and the United States represent the largest hand tool markets while the strongest annual growth is forecast to occur in Bangladesh (14.9%), Bolivia (11.3%), the United States (9.4%), Ecuador (8.4%) and Kyrgyzstan (8.3%). With that global demand the above mentioned countries are considered the highest potential markets in the coming years.

## European Hand Tool Market

Growth of hand tool consumption will be limited, as power tools will increasingly replace hand tools, but on the other hand, ongoing hand tool innovations by brand manufacturers may encourage spending on hand tools consumer and industry trends at this market in Europe. Having to say that, the demand for power tools is forecast to outpace the hand tool demand, but consumer demand will benefit from continued interest in DIY and home remodeling activities within European consumers.

In both the hand and power tool categories, Central and Eastern European countries will account for the largest growth figures in Europe. In Western Europe, the professional user segment (60-70%) dominates the market, since professional users make use of a greater variety of more expensive tools compared to DIY users. In contrast to Western Europe, in Central and Eastern Europe professional tools account for less than 50% of the total market, although growth in that segment may outpace growth in the DIY segment. In recent years, consumption of DIY tools in Western Europe has increased faster than consumption of tools in the professional market. This was because of a continuous flow of new product introductions and the ongoing popularity of DIY activities in virtually all Western European countries.



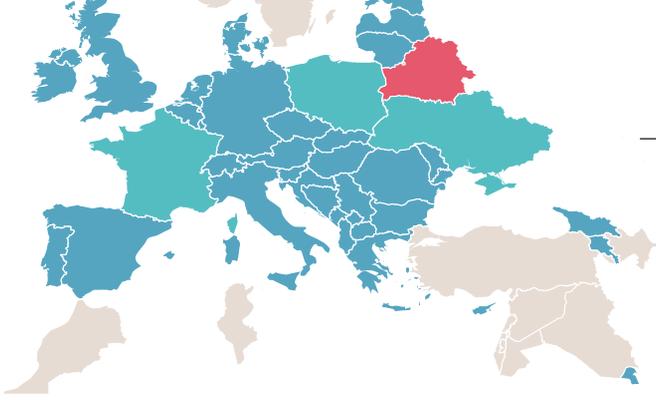
## Consumption

The most important trends in consumption of hand tools is that manufacturers and retailers are working on to reinvent the classics and to make tools more consumer-friendly; today people, especially the Europeans, are also spending more time in gardens– the age profile of the population has long-term effects on demand for gardens equipment. Most of the European countries have an ageing population, older people have more money and time for gardening so that is important in the years that come. One of the trends is that the consumers use more power tools (for example, the consumer used in the past a screwdriver and now he uses a cordless screwdriver); however, it is important to know that mainly hand tools are not so much influenced by a trend.

Even though the power tools are more in use than the hand tools, the consumption of hand tools in Europe is over the years the same, so it can be a chance for the exporter to sell on this market and also the fact that gardening, DIY and remodeling activities are the top favorite leisure activities within European countries.

## Innovation

Over the past ten years, the hand tool market has been characterized by the growing influence of low-cost imported products manufactured in China and Taiwan. Competition from these cheaper DIY tools has had a continuous downward pressure on retail prices. Although this trend has helped cause strong market growth, the rise in value has fallen behind volume growth. The leading brand manufacturers in the EU have striven to reverse this tendency by focusing on innovation. Classic hand tools are being reinvented to make them more consumer-friendly. Furthermore, the focus is on ergonomically designed tools, three-in-one tools and problem solvers. As far as



possible, lightweight, durable materials are being used for new tools. In the cordless screwdriver segment, innovative lithium-ion technology also offers this convenience advantage as these tools are portable, lighter, and faster to charge and have just as much power.

### Production

Europe is estimated to be in the top 5 of the worldwide leading tool producers, together with the US, Japan, China and Taiwan. While production for the professional market segment is dominated by the US, Japan and the EU, production for the DIY market segment is dominated by China, followed at a distance by Taiwan. In virtually all European countries production is a result of the presence of large factories from brand manufacturers, among which are large conglomerates such as Bosch, Black and Decker, Snap-On and Stanley. While hand tool production is not expected to show large growth in the years to come, EU output of power tools is forecast to increase mainly as a result of the growing demand from Central and Eastern European markets and foreign markets outside the EU, as well as the continuous introduction of innovative products. Although Europe will remain the production region for high-end professional and high-end DIY hand tools, it is expected that production will increasingly be relocated from Western Europe to lower-wage countries in Central and Eastern Europe.

### Opportunities for Exporters in Developing Countries

EU-imports continued their upward trend. Total imports have been increased annually in recent years in both value and volume. The largest importer by far is Germany, followed by France, UK and Belgium. Hand saws, hammers, spanners,

screwdrivers and pliers are the examples of the largest imported hand tools.

In order to make inroads into the EU hand tools market, the following issues are very important: design, price-quality ratio and smart packaging. Next to a good understanding of the market situation and trends, it is important to know the capabilities, strengths and weaknesses of your company compared to competitors. China has grown into a very large supplier of low-cost tools to the European market. Industry experts confirm that nowadays, business practices of Chinese tool manufacturers are at a high level concerning communication, logistics and delivery reliability. Innovation activities have been less well developed, however.

## Conclusion

The hand tool market is huge, with thousands of products, variations and combinations and ranges of products. Although historically it is a conservative market with only few product introductions, in recent years the market has gradually transformed into a market with a rising number of innovations and advanced marketing techniques.

For those companies planning to venture into this market a continuous analysis of the market for your specific tools and segments is therefore more and more necessary. It is notable that a given trend may offer opportunities to one company, but is a threat to another one. In fact, every listed opportunity becomes a threat for your company if you are not able to respond to this trend and thus your company is being put at a competitive disadvantage by others that do respond to the trend successfully.

Market intelligence is one aspect, but on the other hand, it is important to know the capabilities, strengths and weaknesses of your company to become a successful exporter to the European market.

### Resources:

- Hand Tools and Accessories Market Report, by Global Industry Analysts, Inc.
- Hand Tool Markets in the World to 2018, Global Research & Data Services
- The Hand and Power Tools Market in the EU, CBI Market Survey

