

Advantages of Chinese Fastener Suppliers in the World by Analysing Its Fastener Export Statistics in 2016

by Sharareh Shahidi Hamedani



China is the Main Exporter of Fasteners in the World

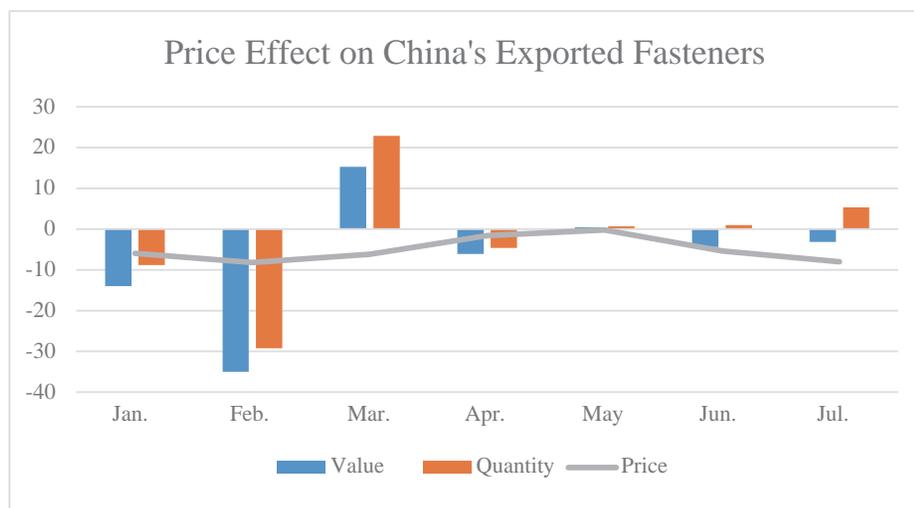
China, as the 2nd biggest exporter of fasteners within HS code 7318 in the whole world, exported 4.9 billion USD (14.58% of the world's exported fasteners) in 2015. Germany was the top exporter in this category with 5.2 billion USD (15.59% of the world's exported fasteners) in the same period.

In terms of quantity, China was the largest fastener exporter in the world with 71 million tons of exported fasteners.

The advantage of Chinese suppliers is their cheapest prices in the world, but does the strategy of focusing on the lowest price always work? A monthly analysis of exported fasteners during the year of 2015 and 2016 could help readers understand whether the Chinese fastener suppliers' pricing strategy works or not.

The statistics of main exporters of fasteners in the world – Germany, USA, Taiwan - show that the demand for fasteners has

China's Export to the World		Value (USD)	Quantity (KG)	Value/Qty.
Jan.	2015	463,400,000	251,177,728	1.85
	2016	398,512,000	229,004,711	1.74
	Growth	-14.00%	-8.83%	-5.95%
Feb.	2015	400,323,000	224,562,992	1.78
	2016	260,117,000	158,951,446	1.64
	Growth	-35.02%	-29.22%	-8.20%
Mar.	2015	275,105,000	149,133,808	1.84
	2016	317,166,000	183,298,741	1.73
	Growth	15.29%	22.92%	-6.20%
Apr.	2015	426,820,000	246,840,816	1.73
	2016	400,731,000	235,519,452	1.70
	Growth	-6.11%	-4.59%	-1.60%
May	2015	437,578,000	251,956,032	1.74
	2016	439,757,000	253,750,948	1.73
	Growth	0.50%	0.71%	-0.21%
Jun.	2015	415,532,000	239,465,648	1.73
	2016	397,141,000	241,752,846	1.64
	Growth	-4.43%	0.96%	-5.33%
Jul.	2015	429,261,000	241,029,808	1.78
	2016	415,716,000	253,854,447	1.64
	Growth	-3.16%	5.32%	-8.05%



increased in the world, but in this term Chinese export has decreased. Based on this initial data, the above graph shows that:

- Just in March and May though the price decreased, the value and quantity increased. In the other months if the price decreased the exported fastener value decreased.

- In June and July, the quantity of exported fasteners increased but the value decreased.

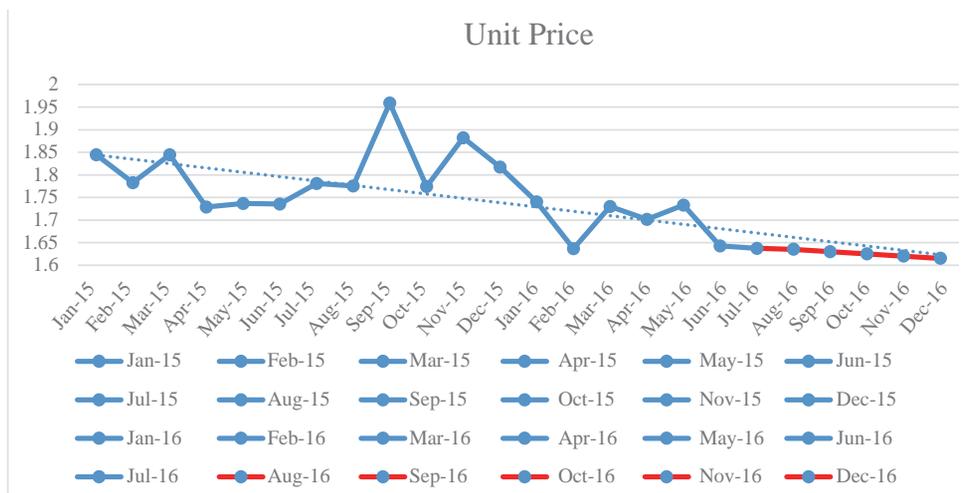
The left graph shows that the cheapest price as a main indicator for creating differentiation does not work.

Al Ries (The father of positioning) makes clear of the role of prices in a business. He says that “Price is a big issue for most consumers. While they will often go out of their way to save money”. In a B2B business, consumers do the opposite most of the time. They don’t buy their materials to save money.

Al Ries says “Almost every supplier has a price position. Some are downscale like Chinese suppliers in fastener export. Some are upscale like German suppliers in fastener export. And some are stuck in the middle, not in a good position while changing its brand’s “price” position is too dangerous.

What will Happen if China Does Not Change Its Price Strategy Step by Step?

A study of fluctuations of unit prices shows that the unit price of exported fasteners has dropped. So for the next 5 months (Aug.-Dec. 2016) the price was estimated to be around 1.61 USD/Kg.



Unit : thousand US dollars
 — Prediction line

In terms of quantity, the following graph shows that its total quantity will go from 240 million Kg to 230 million Kg in the last 5 months of 2016.

China Export to		JAN	FEB	MAR	APR	MAY	JUN
World	2015	251,177,728	224,562,992	149,133,808	246,840,816	251,956,032	239,465,648
	2016	229,004,711	158,951,446	183,298,741	235,519,452	253,750,948	241,752,846
		JUL	AUG	SEP	OCT	NOV	DEC
	2015	241,029,808	236,845,632	229,659,440	207,330,176	194,521,776	243,873,296
	2016	253,854,447	—	—	—	—	—

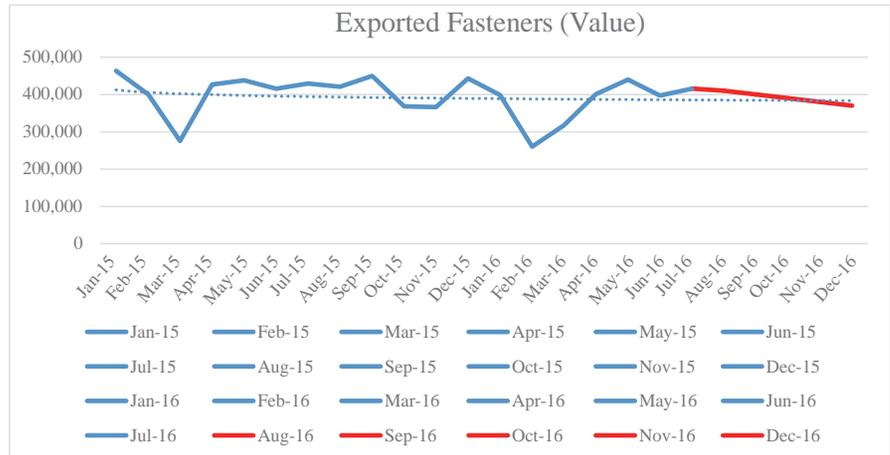


Unit : Kg
 — Prediction line

The following graph proves the above predicted statistics. The value of China’s exported fasteners will be around 380 million USD monthly in the last 5 months of 2016.

China Export to		JAN	FEB	MAR	APR	MAY	JUN
World	2015	463,400	400,323	275,105	426,820	437,578	415,532
	2016	398,512	260,117	317,166	400,731	439,757	397,141
		JUL	AUG	SEP	OCT	NOV	DEC
	2015	429,261	420,572	449,922	367,859	366,122	443,219
	2016	415,716	—	—	—	—	—

Values are in thousand USD



Unit : thousand US dollars
 — Prediction line

What Should the Chinese Suppliers Do?

Laura Ries, one of the guru in the marketing and branding believes that, “Successful brands are still the ones using the most powerful concept ever to be introduced into advertising, marketing and branding. Many brands have forgotten what positioning is all about. “We want to position our brand as the premier product in the category.” What’s wrong with a positioning statement like this? Everything. It leaves the prospect out of the equation. If you want to position a product from the prospect’s point of view, you have a limited number of choices.”

Chinese companies had a very successful experience in a tough market like smart phones, they created Huawei brand when iPhone and Samsung divided the market. In the B2B market and in the fastener field where Chinese suppliers are professional, it should be easier than a B2C market like mobile. If Chinese fastener exporters want to take back their market share, they can still keep their price strategy but should find another advantage for their products. They should answer a simple question first: Why should consumers buy our fasteners? The answer should be something else instead of the price.

References:

- 1- <http://www.ries.com/2015/09/price-is-a-valuable-position-so-why-do-companies-deliberately-destroy-theirs/>
- 2- http://ries.typepad.com/ries_blog/2004/07/positioning_is_.html ■

FREE CATALOG & BROCHURE

STAMPINGS & WASHERS

bokers.com
 Call 1+612-7299365 sales@bokers.com

博克公司

3D-PRINTED PROTOTYPES NOW AVAILABLE