



東盟是否為扣件生產商的最佳市場 by Behrooz Lotfian

Is ASEAN the Right Market for Our Fastener Production?

Introduction

The Size of ASEAN Fastener 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's imported fastener value) is quite big for some fastener suppliers in the world.



The Main Players in ASEAN's Fastener 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's 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.



| | 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.

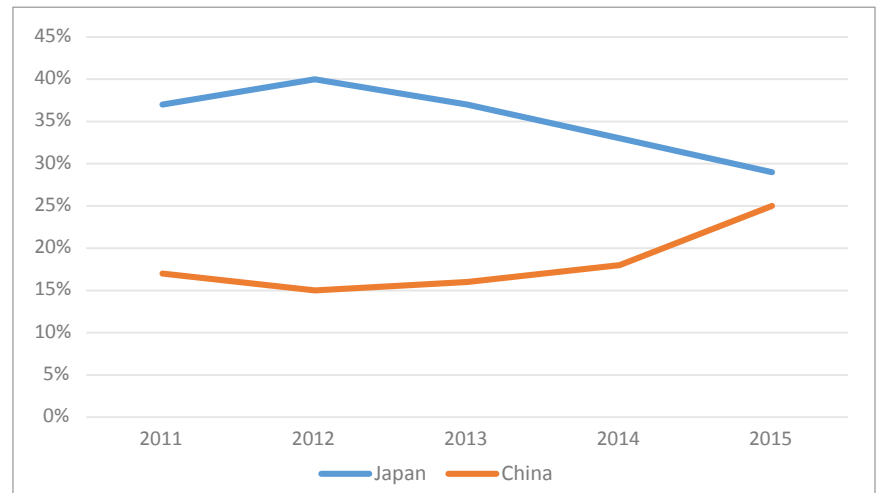
Chinese producers have chosen a correct strategy- offensive strategy, and therefore, they attacked the leader- Japan and it seems that Japan is surprised and lost its market step by step. It is predicted that China will become the leader in the ASEAN region in 2016.

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:



| | 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.

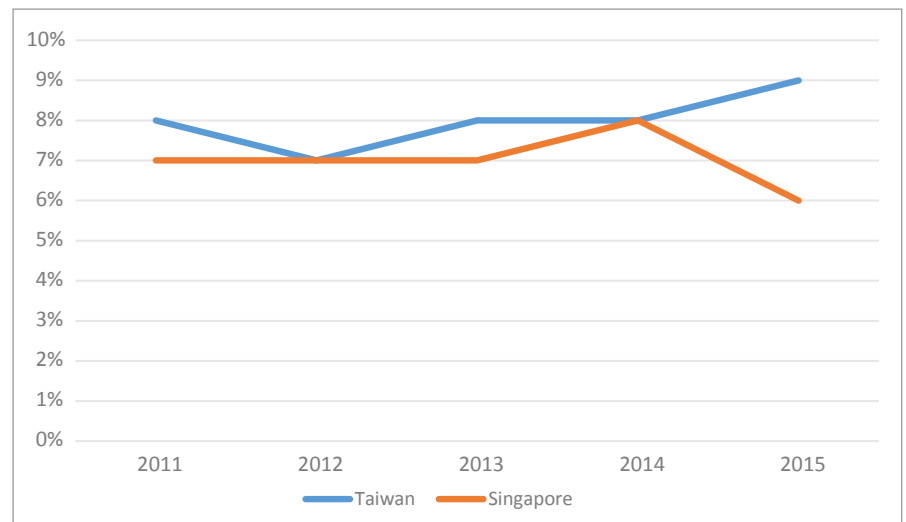
| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-----------|-----------|-----------|-----------|-----------|
| Singapore export to ASEAN | 194,120 | 215,320 | 206,789 | 220,261 | 153,420 |
| ASEAN import from world | 2,742,791 | 2,978,233 | 2,926,137 | 2,902,609 | 2,495,096 |
| Singapore export to world | 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 have 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's Fastener 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