

The Future Fastener Demand Forecast on Australia and New Zealand

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Australia

The market size of fasteners in 2019 was around 700 million USD. The imported fasteners value was around 567 million USD and the exported fasteners value was 133 million USD.

The same story goes with imports in 2020 because of the pandemic. From January to September of 2020, the imported fasteners value was around 390 million USD, which translates to 43 million USD monthly.

Based on this trend, Australia's exported fastener value can be 520 million USD, which is 8% lower than 2019. The GDP of Australia has declined 7% in comparison with 2019.

In terms of export, Australia's exported fastener value was around 81 million USD in Jan-Sep 2020 which is 9 million USD monthly, and therefore it is predicted that their export value will be 108 million USD for 2020. It has a 19% decline.

New Zealand

The market size of fasteners was around 115 million USD in 2019 and the imported fasteners value was 110 million USD and the exported fasteners value was around 5 million USD.

The figures in 2020 have changed as below:

In terms of imports, in the first 9 months of 2020, their imported fastener value was around 74 million USD and can reach 98 million USD for the whole year. It means their imported value may decline around 11%. In terms of exports, the figures of New Zealand were very small with 3 million USD for the first 9 months of 2020, and can reach 4 million USD for the whole year, which means a decline of 20%. It seems the trend of these two countries are the same.

What will be the Future of the Fastener Industry in These Two Countries?

Statistics of Australia's imported fasteners:

Their imported value increased slowly between 2 to 3 percent per month. For example, in December 2019 their orders decreased 17% but they compensated for the lack of orders in the next month. The pandemic's shocking is shown in their figures completely. A sharp reduction in orders (a 32% decrease) in February when the pandemic started. And after that, the fear of a long-term lockdown caused the orders value of Australian importers to improve. In August, the situation returned to normal because of some news of vaccines and the government learning from the first wave began to control the pandemic better.

Australia Imported Fastener						unit: 1,000 USD
Exporters	Oct. 2019	Nov. 2019	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020
World	46,387	47,169	39,350	47,356	32,043	37,214
Growth	---	2%	-17%	20%	-32%	16%
Exporters	Apr. 2020	May 2020	Jun. 2020	Jul. 2020	Aug. 2020	Sep. 2020
World	41,003	43,732	49,283	51,751	46,048	41,496
Growth	10%	7%	13%	5%	-11%	-10%

The trend of New Zealand's figures is the same as Australia's with two differences,

- 1- Their imported fastener value growth was around 15% monthly.
- 2- New Zealand had stricter anti-pandemic rules so their orders value decreased for 3 months.

New Zealand Imported Fastener						unit: 1,000 USD
Exporters	Oct. 2019	Nov. 2019	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020
World	9,836	11,341	8,696	10,285	8,683	7,392
Growth	---	15%	-23%	18%	-16%	-15%
Exporters	Apr. 2020	May 2020	Jun. 2020	Jul. 2020	Aug. 2020	Sep. 2020
World	5,257	7,164	8,023	9,597	8,450	8,766
Growth	-29%	36%	12%	20%	-12%	4%

So, based on the statistics, the market of these two countries will grow positively, but we should note that the future is not predictable, but will be created. Australian and New Zealand's fastener manufacturers should create their future. It is obvious that their figures are very low. New Zealand's is much lower than Australia's. So, the first question is how manufacturers in these countries can create their future.

Statistics reveal that most fastener manufacturing companies in Australia and New Zealand are "national" companies, not "global" companies. But in the future, that is likely to change. The economy is strongly in favour of global companies rather than national companies.

Today, most countries are filled with national fastener manufacturers. The opportunities to build national chains in established categories get slimmer every day. The future belongs to global companies. Fastener manufacturers in Australia and New Zealand that remain "national" will likely face a difficult future. The opportunities for global companies are huge. Even a giant country like China represents only 18 percent of the



global population. A Chinese fastener manufacturer that goes global could potentially increase its revenues more than five times.

Problems with Going Global

When a company decides to go global, it will usually take its existing line of products and try to sell them on the global marketplace. That almost never works.

One of the most-go global principles: The larger the market, the narrower your product line must become. The global market is different than the domestic market. Here are three principles to follow when Australian or New Zealand's manufacturers want to go global.

- (1) Narrow down their scope of company. This is the first step in going global. They can't take an existing product line and try to sell it globally. That doesn't work.
- (2) Leadership in a category. Market their product as the leader in a category in its Australia or New Zealand. But it is clear that finding a category and be a leader in it is so difficult for these manufacturers. So, they must use innovative and creative tools to figure out a positioning strategy that will make them the leader.
- (3) Countries own positions. The automobile as the most engineered product, was invented in Germany. That's why German machineries are in a stronger position in the global market than other countries. This will be a big challenge for Australian and New Zealand's fastener manufacturers because their countries are known as livestock countries. So how they can solve this matter, they may build a fastener industrial zone in Australia and then start to make that area known instead of Australia or New Zealand.

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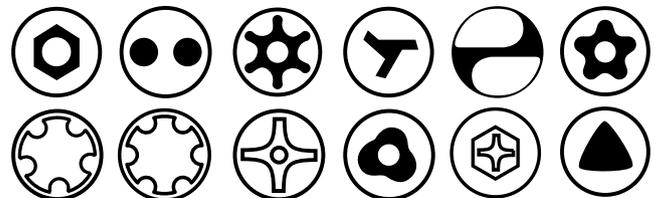
Australia and New Zealand are the countries that controlled the pandemic fast. The advantages of global trade are very important for the long-term benefits of almost every country in the world. They must be innovative to create a category in the fastener industry and put themselves as a leader. For this objective, most of them forget and produce everything, they have to put focus. Stop some part of their production line and make narrow company focus then they will be ready for going global. This approach makes them competitor-oriented companies instead of customer oriented companies.

Now they might be thinking, what possible difference does it make? They are customer oriented, not competitor oriented. That's a mistake. they win or lose in today's marketplace by being competitor oriented, not customer oriented. A second mistake is to ignore the category you compete in. The category should also dictate your strategy. Most of these companies work in the old categories dominated by Chinese, Taiwanese, German, American companies and Australian and New Zealand's fastener manufactures don't have any chance to be a leader. ■

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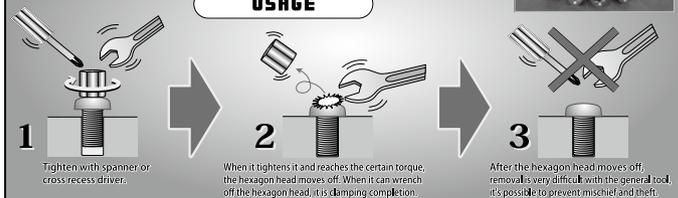


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