

European fastener market insight

With so many political, economic, and industry, factors currently influencing the fastener market we decided to invite leading fastener businesses, from all European countries, for an insight into the prospects and challenges of their domestic markets.

We asked them to consider not just economic and financial issues but also technology drivers for the fastener industry and to identify priorities for the future. We are really grateful for the time and thought generously invested in assembling a unique perspective of the European fastener landscape.

For space reasons we have edited some contributions but have been careful to retain the core of each contributor's insight. Of course, there will be other, and perhaps divergent, viewpoints. Yours may well be one and we would be very happy to hear it for a future issue: editor@fastenerandfixing.com

Meanwhile, we hope you find this anthology as fascinating as we have. +

CZECH REPUBLIC

MEKR'S s.r.o

Jan Melichar Jr, chief executive officer

As a business we have been involved in the market for over 25 years and we still hold the top spot as the Czech Republic's largest fastener distributor.

Furthermore, we keep on expanding our product range so we can answer the needs of our customers all from one location. Customers can also expect to receive top service, which is not just about quantity and price, but also about the speed of delivery, quality of goods and subsequent care – including certificates.

Over recent years the demand for fasteners has continued to grow in the Czech Republic. Our company supplies to all industry branches and therefore our portfolio is well diversified to avoid future crises as much as possible. The only industry we do not directly supply to is the automotive industry because MEKR'S does not see the prosperity and sustainability of the automotive sector within the European Union.



A great advantage of being a Czech company is that there are a host of companies that assemble final products here, which means that the consumption of fasteners is very decent compared to the population ratio. Another advantage is our location in Europe, which we try to maximise for export customers. We are situated in the heart of Europe, meaning we are able to deliver to companies from Portugal all the way to Romania.

Our biggest priority is definitely customer service. After this, it is the application of new technologies in fasteners; having a broad portfolio of customers from end users (manufacturers) to wholesalers; and, as I mentioned above, not being dependent solely on one industry. +

TURKEY

NORM Holding

Fatih Uysal, chairman

Turkey is in the position of being the fourth biggest European manufacturer after Germany, Italy and France. The sector, which has the objective of becoming one of the two leading production countries through new investments, has approximately 200 manufacturing facilities.

Turkey exports to 180 countries; in particular to Germany and France. Automotive is the leading sector of the domestic market in terms of fasteners and is one of the most important sectors in Turkey – providing the fundamental motivation for the domestic market to be active.

The automotive industry grew after the Customs Union agreement with the EU, resulting in world leading automotive companies basing themselves in Turkey due to its geographical proximity, logistics amenities, and workforce potential. This caused a rapid acceleration in the fastener industry. In this sense, considering automotive is the main player of the domestic market, the opportunities and threats in the automotive sector will inevitably affect the fasteners sector in Turkey, which moves with an understanding of innovation and R&D based production and supply.

NORM's success is achieved by focusing on high-quality production, investing in technology and building good relations with customers. When we look at our domestic market, we know it will be affected from declining trends in the world's automotive production. However, there are still new investments happening such as a potential new Skoda plant (final decision not given), a joint VW-Ford project and transit productions.

How has the fastener industry developed in your country over recent years? What are the key topics impacting companies?

"As I mentioned, the development of the fastener sector corresponds to the period when our country became an automotive base after the Customs Union. At NORM Holding we played a key role in this development – especially as the leading company within our sector. We have paved our own way and brought new technological and high-quality products to the sector.

In a country where there are no staff specialised in this field within the academic environment, NORM Holding has encouraged its experts to receive academic education at universities and we then share the technologies we have developed with the universities – contributing to the development of the sector in the country.

We have achieved many successes in 2018 and have continued our export-oriented growth – receiving national and international awards, through the fairs we have attended, as well as thanks to our quality and production departments. According to 2018 data, in the ISO 500 rankings we have moved up 34 places from 189th to 155th.

NORM Holding, with over 2,000 employees and embodying sector leading companies, is the leader in the fasteners market in terms of production and sales in Turkey. Its leading company, NORM Civata, has quadrupled production in the last 10 years.



NORM Civata has also achieved the highest exports regarding fasteners in Turkey of 55% – being the 183rd biggest Turkish exporter according to the ranking of TİM (Turkish Exporters Assembly). The company exports a variety of products to over 50 countries, including Germany, France, the UK, Belgium, the Netherlands, Poland, Italy, Brazil, Mexico, Russia, and China.

Likewise, Standart Civata, which has an important place within the group, works actively in the country – with its 25 sales representatives and 160 personnel – and is the leader in the sector in terms of import and export – providing services to many sectors."

What are the advantages of being a Turkish company?

"There are many benefits of being a Turkish company. First of all, Turkey is known as one of the best cost countries in the fastener sector; which enables us to implement competitive pricing. Secondly, Turkey's strategically important location – being a bridge between Europe and Asia – makes the logistics easier than other countries.

Our business philosophy of producing high-quality products and being customer focused are our greatest values and we never compromise on these key areas. With this understanding, we have the flexibility to tailor our production process based on our customers'



needs and expectations. Lastly, having fast decision making process within the business, along with an entrepreneurial spirit, differentiates us from our competitors.”

What are the technology drivers for your country’s fastener industry?

“The development of this sector in Turkey has to be coordinated with the world. Quality and innovation form the basis of competition in the international market. This is a must in globally competitive conditions.

Through our NORM Civata and NORM Somun R&D centres we closely follow the developing trends in the world of fasteners in order to increase our competitive strength. In parallel, we see innovation as one of the cornerstones of our strategy, and we are working hard to strengthen our R&D ecosystem. In short, the importance we place on R&D and quality constitutes our main distinguishing feature.

The basic principle of innovation-based production, in the era of robotic production and where Industry 4.0 is being talked about, is not only mass production and digital quantity, but also production directly proportional to value-added production, quality, robustness and corporate trust. This is what makes us different in the market.

We have also received some awards recently that underline the importance we place on R&D. As a result of the evaluation of OSD (Manufacturers Association in Turkey) members in 2017 – within the framework of quality and delivery reliability, cooperation in technology development, and competitiveness criteria – NORM Civata, operating within NORM Holding, was awarded the OSD Subsidiary Industry Achievement Award.

In addition, the EUREKA SMART Advanced Manufacturing Cluster, where NORM Civata is a founding member, announced its

first invitation to project applications on 11th December 2017. As part of this invitation, the Cryogenic assisted machining ‘CryoMach’ project prepared by NORM Civata, together with its partners from Belgium, Sweden and Spain, was awarded ‘EUREKA SMART Label’ as a result of the evaluation made by international judges.

In addition to all these awards and efforts, NORM Holding’s R&D Centre won the ‘Best R&D Project of the Year’ award in İZTEK Innovation R&D and Technology Awards 2018, organised by İzmir Technology and Innovation Platform. Nedim Uysal, honorary president of NORM Holding, and the NORM Holding R&D team that developed the project, received the first prize at the ceremony held at the Ministry of Industry and Technology, İzmir Provincial Directorate of Industry and Technology.”

What do you believe should be the priorities for the future?

“Developing our technology and innovation capacity will be our main priorities for the future. With this in mind our R&D investments are accelerating day-by-day. With higher R&D capability, we aim to develop more patented, lighter and solid products for the future – focusing on weight reduction constraints and electric vehicle production. In addition, being close to our customers and responding to their needs quicker is another priority. In that sense, we added two logistics centres to our operations – one in Michigan (USA) and the other one in Poznań (Poland). With these investments, we are able to better serve our customers in Turkey, Germany, France, Poland and the USA.

Lastly, providing our customers with a full service and offering them high variety of products is crucial. That’s why we are investing more in technology and machinery to extend our portfolio and give our customers an even better service.” +

THE NETHERLANDS



Fabory

Ronald Baarslag, general manager

We consider our domestic market to be Europe, as national economies in Europe are largely intertwined nowadays and in general we see similar developments in each country.

The European economy has been in an upward spiral for a number of years. However, growth has softened a bit over the past six months – driven by uncertainty around BREXIT; a slow down in traditional car manufacturing; as well as a tariff war between China and the USA – which is affecting confidence in the European economy.

Our volume growth over recent years has led to the need for us to invest in new warehouse facilities in Tilburg (the Netherlands) and Brno (Czech Republic). These new facilities will help us to further optimise our services and enable future growth. The tight labour market is challenging and makes it difficult to attract talented staff. However, our international presence allows us to source talent from multiple geographies and to continuously improve the quality of our team.

Regarding the fastener industry, we have noticed two significant developments. Firstly, we have noticed that quality has become even more important and more and more customers ask for certificates for the products they source or ask for technical advice on specific applications. Fabory has therefore continued to invest in our own technical support team and an A2LA certified quality and testing department. We are known for the excellent quality of our products and we really comply with our slogan: ‘Setting the standard in fastening solutions’.

The second topic is continuous innovation – needed to remain competitive and to strengthen the chain position. Our customers are increasingly demanding in terms of speed, quality and flexibility. It is also crucial to point out that this is not just about products. An important issue that affects companies today is the need for quality of services, and quality in the process, and therefore Fabory continues to invest in these matters.

We want to ensure a consistent level of service to our customers and are always working on improving existing services and developing new ones. Customers value that.

A good example of such an improvement is our online MyFabory environment. It allows customers to (re)order, create catalogues and shopping lists, track shipments, download invoices and manage their account.

These kinds of technical innovations were scarce and uncommon in our business a few years ago. At that time, Fabory was a pioneer creating these customer-friendly possibilities and we still keep a close eye on future technologies and developments.

For example, at this moment we are about to launch an App for use on a smartphone or tablet, which will also ease the order process even more. In addition, we are already investigating what actions will be needed when Industry 4.0 kicks off to ensure that we maintain our leading role and competitive edge. +

A.S.F. Fischer B.V

Arnoud Booij, managing director

The Netherlands has a centuries old tradition as a trading nation, which is why so many importers of fastening materials are based in the country. The extensive logistics infrastructure enables trade with all parts of Europe. For many Dutch enterprises, export is indeed the prime component of their business.

As a leading fastener company in the Netherlands, A.S.F. Fischer has invested substantially in future development. Following the years of the economic crisis, only the most successful importers remained.

In 2012, we opened our fully automated high-rise warehouse, and this gave us space for further growth. And just in time, too, as the past few years have seen steady, substantial growth in the Dutch construction sector and Dutch industry in general. As a result, the markets for newbuild and renovation both underwent an enormous recovery. By investing at the right moment, we were able to take full advantage of this development.

The future challenges to the Dutch market lie above all in training skilled personnel to use our products in the coming

years. Currently, construction production in the Netherlands is significantly hampered by a shortage of personnel. This, too, represents a challenge for us, namely making a contribution in the form of new and efficient products.

In part, due to the aforementioned personnel shortage, the Dutch market is characterised by a tendency towards consolidation, on the part of both suppliers and customers. Parties are becoming larger and less dependent on one another. Indeed, our takeover of our competitor, InterDynamics, in 2017 took place precisely against this backdrop.

Put succinctly, the Dutch market will, in the coming years as well, remain dynamic, and we are convinced that it will provide us with many opportunities. +



ITALY

SACMA Group

The Italian market has always represented the core business of SACMA Group. We are very proud of our territory, which is commonly defined as the ‘European Fastener Valley’. Since our foundation in 1939, we have accompanied our customers through evolutionary processes that have marked their history – making us the first supplier for large enterprises, as well as smaller producers.

We can generally state that the last few years have been characterised by a strong propensity to internationalise Italian companies. This raising tendency has been subject to a strong impact after the 2009 crisis, and companies are facing it through different strategies.

Large enterprises have pursued this goal through mergers or acquisition of other companies, and through the construction of new production units in markets considered critical (such as the USA, China and Brazil).

On the other hand, small and medium-sized enterprises have acted mainly through organisational changes that have progressively provided them with a new marketing and sales structure – so they are equipped with all the necessary skills to deal with foreign markets.

We must also underline, especially for small and medium-sized enterprises, the huge impact of the Industry 4.0 legislation. The beneficial tax incentives on the purchase of machinery have allowed many companies to equip themselves with the latest technologies available on the market, together with production and management resources that will certainly have, in the future, a positive impact on their competitiveness.

Despite the clear limits of the Italian manufacturing sector (high-level of taxation, excessive bureaucratisation, non-flexibility of the labour market), we can affirm the Italian fastener industry

presents an enormous growth potential, and it has great chances to successfully satisfy the market demand of the coming years.

In this complex and competitive environment, SACMA Group must deal with two important challenges:

- + Supply machines equipped with the latest data transmission/storage technologies, to guarantee an efficient remote assistance. Ensuring to the customer our reliability, a value that has always characterised our products (all the machines we produce are standard Industry 4.0 ready).
- + Guarantee to our customers an efficient technical assistance service and immediate intervention, as well as the prompt availability of spare parts in every corner of the world. Today SACMA Group presents a central warehouse with more than 4,000 pallets and 100,000 codes, together with local warehouses with the presence of specialised technicians in the USA, Germany, Brazil, China, Poland and India.

In recent years, we have made huge investments to equip ourselves with the best production technologies and to increase our presence in new markets (in 2019 there will be the inauguration of the new branch in Wuxi, China).

Gratified by the excellent results, we will continue on this path because our customers must be sure they can count on a solid ally to face the challenges of the future: SACMA Group. +



UNITED KINGDOM

Hexstone Limited

Ian Doherty, chief executive officer

No review of the UK market is possible without considering the looming shadow of BREXIT. The uncertainty, will we or won't we and if we do will there be a deal or not, has adversely impacted the manufacturing and commercial construction markets.

However, the domestic housing market, both in terms of new build and repair and improvement, has continued to grow.

The UK manufacturing sector has had to cope with slowing economic growth in the UK and globally; stock building in anticipation of a BREXIT in March followed by destocking as the deadline moved; uncertainty delaying investment; and a marked slow down in the important automotive sector. These challenges pass on to the fastener industry where having the financial stability to cope with these peaks and troughs has been important to Hexstone's continuing success.

We remain well prepared for any BREXIT outcome, having become an Authorised Economic Operator to facilitate fast-track imports and exports to the EU and the rest of the world, carrying deep stocks and having set-up a subsidiary in the Republic of Ireland.

Like many other markets we see increasing demands from customers for supply chain assurances, whether they be in terms of product traceability, certifications, environmental or ethical trading standards. In parallel, regulation worldwide is increasing, BREXIT will not change this, in fact it adds further complication with the introduction of UKCA to replace CE Marking.

The UK will recognise CE Marking as equivalent to UKCA, but the EU will not be reciprocating. For those of us who export to the rest of the EU, CE Marking will remain a requirement, which means two separate certifications and higher costs for UK players. At Hexstone, we have continued to invest in our systems and processes to meet these needs and consolidate our position as the first choice wholesaler in the UK market.

Having input into the development of regulation and standards is critical. The UK and Irish trade association BIAFD and in turn its membership of EFDA in a wider European sense, not just EU, fulfils this role. Continuing industry support for these trade bodies is vital if our voice is to be heard.

Looking forward, I believe that whilst there will always be a place for the independent distributor, we will continue to see consolidation within the industry. I also think there is real opportunity in bringing the industry supply chain into the 21st century.

Compared to the fast moving consumer goods industry many of the industry's supply chains and approaches are decades behind. I am not talking so much in terms of automated warehouses – which may or may not be appropriate – but more in terms of data, systems and communications. There will be many challenges, opportunities and exciting times ahead! +

Jubilee® Clips

Ian Jennings, managing director

2019 has been an interesting year so far for the global economy and the role of politics in that, but the core fundamentals of the clamping business remain unchanged.

With the ever increasing technical knowledge and understanding of the end user, through the spread and osmosis of information, Jubilee® Clips sees continuing trends towards demand for higher product performance, on top of commercial drivers such as consolidating suppliers to control costs, as well as a growing appetite for supply chains to achieve higher levels of ethics regarding green issues and staff welfare.

Certainly, the first half of this year has seen some erratic market activity, perhaps for entirely logical reasons, but with a neutral net effect on businesses with a truly global footprint. In March we saw some European distributors stocking up to protect them from any market impact they might foresee and we saw some UK distributors destocking domestically manufactured items to invest in their stocks of imported products.

Then in April we saw those distributors with high stock levels run them back to normal and those with low stocks build them back up to regain service levels. Jubilee Clips also has an exposure outside Europe greater than inside (hardly surprising when you consider how much of the global economy exists outside of Europe) and there market confidence has been driven by entirely different factors

meaning that our well diversified distribution network has protected us well from the wide range of approaches seen inside Europe.

In emerging markets, Jubilee specifically has seen the trend towards value over pure cost per unit continue. Factors such as corrosion resistance, higher clamping force, and durability torque, are increasingly the topic of conversation in markets that traditionally might not have had such drivers as well prioritised in their sourcing strategies.

That is inherent in a developing market and conversations regarding material type further than simply carbon steel or stainless steel are now as common in some 'emerging' markets as they have been in developed markets for some time.

We see the importance of strong brands such as Jubilee growing in the MRO sector across the globe with buyers relying on trusted brands in product selection more than ever. With those making buying decisions decreasingly afforded the opportunity to handle products before making purchasing decisions, especially with online ordering increasing. This offers growth opportunities for distributors carrying the best regarded brands in the UK and in all markets. +



GREECE

Zafirakis Fasteners

Nikitas Zafeirakis, chief executive officer

In order to evaluate the Greek market of fasteners we must take under significant consideration the long-lasting heavy recession, for almost 10 years, that occurred in the country during 2008/09.

The Government had to cut off spending, restructure the public sector and present surpluses. On the other hand, the private sector had to gain its competitiveness again. Since the country is part of the Eurozone, with reduced flexibility in monetary policies, the only way for companies to do so was to increase productivity and reduce production cost – mainly wages.

In our sector of fasteners, that translated into fewer public construction projects, which were the main segment of our market demand – especially after private investment almost evaporated. Lately, however, the situation seems to have changed. Robust developments in northern Greece include the Trans Adriatic Pipeline and the Underground of Thessaloniki, the second largest city in Greece.

Plus, the simultaneous privatisation of the ports, especially the one of Piraeus, and 14 peripheral airports, have given a boost to construction and increased the requirement for fasteners. Furthermore, with the stabilisation of the Greek economy, new investments are continuously increasing, with a prime example the investment in Elliniko, the previous main airport of Athens.

The current status of the Greek fastener market is that it has been slightly increasing over the last two years and is becoming promising once more. However, the competition is severe and the money supply limited. Companies should move out of their comfort zone in the domestic market and search for potential clients in foreign markets. Extraversion should be increased and also supported by future governments. Greece is a very small country, and only by seeking a place in the global market, will the state and companies become sustainable.

Companies of our industry should focus on lowering their functional costs by increasing investments in technology and facilities. Also, an internal devaluation is necessary in order to recapture our competitiveness in Europe.

Finally, the recent progress in bilateral relations with the Balkans countries, may turn the area to a prosperous one. Greece, as the most developed country in the peninsula and most peaceful one, should take this under serious consideration and lead the effort. In parallel, Greek companies should increase their export activities in the region. +





GERMANY

fischer Group of Companies

By Florian Birkenmayer, speaker of the board of directors for the fixing systems division and managing director development and product management

By helping shape the future, the fischer Group of Companies remains a known entity in the context of global competition, social and political innovations, as well as technological progress.

The fixings industry is growing in our domestic market and we are using these starting conditions to our advantage. We are also expanding our market share with new products and services for our partners in the rest of Europe. We are currently seeing substantial growth rates across all regions. 47 subsidiaries in 35 countries, and exporting into over 100 countries, creates proximity to the market and customer.

Our production sites are located in Argentina, Brazil, China, Germany, Italy, the Czech Republic and in the USA. Approximately 75% of our turnover is generated abroad. At the same time, our family business sees the strong ties of the Fischer family, and many employees, to their native Black Forest as a crucial foundation for global growth and innovative solutions.

Numerous trends are presenting new challenges to the fixing industry while at the same time offering tremendous potential. This includes advancing digitalisation, newly established construction materials and growing dimensioning requirements. Things are gathering speed and there is increased demand due to globalisation.

We are aware of the fact that we can only expand our international growth if we continue to set new trends and high standards in the market – with our products and services. fischer products represent innovation, security, quality and ease of handling. We also have a diverse and wide range of fixing solutions, which we are continuously developing and expanding so that it meets many different global customer requirements and applications – all while taking into

account changing parameters, such as new construction materials. We must prove these competitive advantages time and time again.

We use the opportunities that result from trends. When it comes to digitalisation, we have already implemented various methods and techniques as a step towards modern and smart production in-line with Industry 4.0 standards. We also provide support with planning projects, based on current standards, through our modular fischer design software FIXPERIENCE, as well as through data for various software applications (BIM, 3D).

Building Information Modelling (BIM) is growing in importance in construction and therefore in the fixing industry. Project business is crucial for our turnover objectives. In order to be involved in this trend, we offer BIM-compatible data for our products and are continuously expanding this area. Through multiple construction projects of ours across the globe, we have become convinced that BIM speeds up construction progress, reduces costs and improves quality.

We furthermore offer digital services such as the plug finder App for end users, and professionals, and we will continue to expand this area in future. We are using indirect sales channels and therefore promote every market introduction with comprehensive sales support for our stationary and digital retail partners. It is important for us to offer a wide range of e-commerce services. This involves the customer journey beginning on our modern website, the fischer Apps or the six fischer social media channels, as well as the fischer blog, and ending with the purchase of a product in the online store of the retail partners. +

Keller & Kalmbach GmbH

Dr Florian Seidl, chief executive officer

At the moment our market is stamped with a lot of question marks: How will the economic situation develop? How will the trade disputes conclude? Where and when will a bubble burst? Will the phase of cheap money last forever? Will there be a currency crisis in the Eurozone? Will e-mobility disrupt the fastener markets?

These big political questions dominate the economic situation, which is at the moment marked by a high volatility. Last year and the first quarter of this year were also marked by a strong growth driven by the three most important world markets – the USA, Europe and China.

At the moment Europe proceeds tediously – besides a booming construction industry in Germany, China is slowing down, and it is only the USA that is proceeding reasonably well.

During recent years, our industry has developed very well with a lot of investments made in warehouses, acquisitions and expansion. However, the current uncertainty reduces the willingness for further investments. Furthermore, many distributors like ourselves are suffering from high stock buildings, which have to be reduced gradually. In consequence, the order entries at the producers are declining. In such uncertain times the pressure to reduce costs are increasing for industrial customers.

The fastener and fixing distributors are tremendously important to reach this goal. Order and warehouse proceedings can be simplified with our support. Constructions can be made easier by consulting. Concerning fasteners and other C-parts, we will play an important role as a big number of different products is needed, which are produced by many different producers, and the customers do not want to get in touch with so many producers. The German fastener and fixing industry is in a strong position, as it is very competitive due to the strong situation of competition in our home market.

Keller & Kalmbach helps to make its customers more successful. We can give technical advice; show them the best solutions for their supply chain of C-parts; develop new helpful logistic tools together with the Fraunhofer Institute; and we are working to be more efficient through the digitalisation of all processes.

If the answers to the questions above will not be negative, we will be successful also in the future. +

R + FK Schulte KG

**Carl Philip Schulte,
associate/deputy chief executive officer**

The German market for fasteners has seen a tremendous growth and development since the last big crisis in 2008/09. However, in 2019 we have seen the first signs that indicate a sharp decline of the economy – putting the super cycle of 10 years within the fastener industry in Europe to an end.

Competitiveness and reliability are the most vital characteristics of a supplier for the fastener industry. For more than 80 years we have worked in the industry in the heart of Germany – striving for customer satisfaction and the best price performance ratio, with our huge range of high-quality standard and special washers/stamped parts from 0.05mm up to 12cm of material thickness (or inside diameter: M0.8 to M160).

Since 2008/09 the fastener industry in Germany has had long years of growth and development with 2018 being its pinnacle. All this happened despite the premature revocation of the anti-dumping measures against the Peoples Republic of China at the beginning of 2016.

At the end of 2018, however, multiple negative effects interfered and reinforced each other: Permission problems of car manufacturers with regards to WLTP and CO₂/NOX emissions, trade war between USA and China, a downturn of the general economy, over ambitious expectations of many market participants concerning sales volumes – leading to considerable inventory increases – and last but not least the fear of a hard/chaotic BREXIT.

These effects have led to a very toxic situation within the German (fastener) industry. Especially the reduction of inventory volumes of distributors and the significant increase of imported goods from China in 2018 and 2019, which has led to major challenges on the side of the (European) manufacturers that someday might lead to an existential crisis and the ceasing of production of standard parts in Europe – with all its follow-up effects on the industry.

We have tackled this challenge by massively increasing our stock levels and ensuring short term availability of standard parts to support customers with the quickest reaction times from the very heart of Germany.

Another key driver of market development in recent years was the focus on creating value-add for the customer through individual customised solutions – especially in the area of special parts and washers. This requires the technical background to generate and develop adequate technical solutions (R+FK has its own state of the art toolshop with 35 employees); the right organisational set-up to funnel the customer needs efficiently through the organisation; and finally highly motivated and trained employees as translator and facilitator for the customer.

But in the end it all comes down to the most competitive solution – on a global scale. Given the many uncertainties in the upcoming months and years it will be a very interesting and demanding future to come: Distortions in the political, economic and financial background of Europe, the global trade wars, the e-car, CO₂ and environmental measures, digitalisation and automation, the developments of the global steel manufacturers industry, etc.

Nonetheless, competitiveness and reliability as a supplier will always be the cornerstone for partnership. +

Würth Industrie Service

Rainer Bürkert, executive vice-president of the Würth Group and general manager of Würth Industrie Service GmbH & Co KG

The fastener market in Germany is characterised by the manufacturing industry in Europe, and all over the world, and cannot be considered independently. This is exactly the branch of industry the customers of Würth Industrie Service belong to.

We have noticed that the requirements and needs of our customers in the field of production materials have become more specific in recent years. That is why individual and automated supply solutions, and a unique logistics concept, are more important than ever.

As a family business, the Würth Group is the world market leader in its core business, trading in assembly and fastening materials. In the business year 2018, the Würth Group generated total sales of €13.6 billion; adjusted for exchange rate effects, growth stands at 8.6%.

At Würth Industrie Service – as a company of the Würth Group and a specialised partner for the needs of the manufacturing industry – the growth course is quite similarly pleasing with sales of €568 million and a growth rate of 12.5%. This also reflects our view of the fastener market and the good economic situation last year and at the beginning of 2019.

From our perspective, the global growth dynamic – especially for our customers from a wide variety of industrial sectors – is not only influenced by the ongoing trade and tariff conflicts, as well as the uncertainty caused by BREXIT. Megatrends such as Industry 4.0, mobility, demographic change, networking, and digital transformation, also play a crucial role in the strategy alignment of organisations, technologies, and business models, which require solutions in the C-parts sector that are exactly adapted to these needs.

The automated supply of connection and fastening and fixing technology, DIN and standard parts, as well as special and drawing parts, is an integral part of our company strategy. In addition, we supply our customers with further product groups up to auxiliary and operating materials and offer an integrated, networked supply concept. The focus is on processes and systems that are to be made more efficient, safer and more user-friendly with digital solutions, with the aim of achieving an automated C-parts management for procurement, intralogistics, workstations, production lines and maintenance.

For example, the integrated supplier integration, CPS®miLOGISTICS, presented in the last fiscal year. Behind this is an intelligent concept based on the principle of ‘everything from one single source’, with which customers can completely manage not only the Würth product portfolio but also non-Würth parts – and this within the proven supply systems such as RFID Kanban. Würth Industrie Service thus offers a solution with which users can digitise their entire supply chain and make it more transparent.

Digitalisation enables us to automate recurring manual activities with the aim of concentrating capacities on our customers’ core purchasing and procurement tasks. In the digital age, however, people still play the central role and can spend, for example, even more time on personal communication and solving complex logistical challenges. There is more than enough of that! +

Lederer GmbH

Dr Volker Lederer, managing director

One of the key questions these days is ‘how will the current political and economic disruptions affect our future business in the short run and in the long run?’. ‘How can we cope with all the radical changes, some of which are already obvious?’

There are major disruptions that have their origin in politics. The never-ending creativity of the current US President in creating trade conflicts is a heavy burden for the whole global economy.

The unclear circumstances of BREXIT are a burden especially for the European economy. And, when we look at Germany, the political instability after the European elections could lead to a political paralysis.

We also face important economic disruptions. The frequently discussed digitalisation is changing our way of doing business at a tremendous pace. Huge global players like Amazon or Google are standing for completely new business models, which will for sure affect our business model in the fastener industry as well. And last but not least

new types of mobility (electrically chargeable vehicles) have a major impact on the European car industry and therefore also on European fastener business.

We German fastener distributors are at the centre of all these disruptions. Most of our customers are German or European-based companies. The growing uncertainty caused by the widespread political trouble makes international trade more and more difficult for us and our customers.

Nationalism and protectionism are leading to higher trade barriers – limiting the export opportunities of the European industry. Furthermore, impending tariffs by the US administration worsen the business climate.

For German (and European) fastener distributors the future challenges caused by all the economic upheavals are enormous. Coping with digitalisation is certainly our biggest challenge in the near future.

But we will also have to question our business model at ever shorter intervals – so we are able to compete with new and very powerful market participants and can satisfy the growing demands of our customers. We need to constantly improve in terms of efficiency, flexibility and process safety. Financial strength is an essential prerequisite for successfully facing all these challenges.

All these radical changes increase the economic uncertainty. This will definitely have a strong impact on the way we fastener distributors do our job. We must act more and more professionally and consistently follow the path of a permanent improvement process. I am convinced we will continue to have many opportunities to grow profitably in the future, but more vigilance is needed. +



PORTUGAL

PECOL Automotive

Ana Neves, key account manager

10 years after the European automotive market crisis in 2008/09, export of Portuguese cars reached a historic milestone of recovery in early 2019.

A record high of 1,000 cars were exported per day in 2019. This has made an important impact on the Portuguese automotive components industry that exports €9.4 billion, mainly to Spain, Germany and France.

PECOL Automotive has contributed to this growth, reaching a historical value of 95% of exports of the parts we produce, besides all the constraints – such as the lack of qualified operators in the sector, which has been a constant concern in recent years.

PECOL Automotive has invested in internal training to obtain more and more qualified human resources in a sector in which quality and service levels are increasingly demanding. We also equipped our machines with Poka-yoke process monitoring systems to improve our production rates, enhance quality and to guarantee our tool protection, always respecting Lean manufacturing methods.

In an industry in which 'just in time' delivery is mandatory, without forecast engagements, process optimisation and investment in areas of research and development (R&D) are key factors for survival in this business. New fixing products, with increasingly reliable production technologies, respect a market that aims to reach Oppm.

PECOL Automotive is the only Portuguese producer of fasteners for the automotive industry with an all-in-house process. From raw material treatment to sorting and packaging machines, we supply all tier 1 companies on a global scale with a high level of service excellence, with investments in processes and machines every year and with excellent levels of competitiveness. The geographical position of the country towards Europe, the possibility of sending engineering and development teams to our customers for technical support, and transparency, have been key factors to the success of our company.

In a context of uncertainty regarding the future of the automotive industry – with the rise of electric vehicles – the focus on the modernisation of the sector, on the development of more and new technological processes, as well as the internationalisation of the companies, will be crucial.

We have been investing in a strong internationalisation of the company in recent years. We have a production and development centre of automotive components in Barcelona, Spain, and we have created distribution logistics centres in Italy and Poland to increase our competitiveness and to explore new markets, especially in eastern Europe.

The acquisition of other companies has also been part of the company's strategy. With the acquisitions, PECOL inherits customers, orders, price level and know how. The increase of our product range has been another important consequence, which allows us to enter to the supplier's panel of new customers. Today PECOL Automotive is present in 4 continents and more than 50 countries – expansion is a word without a limit for us. +



LUSAVOUGA

Rui Vicente Santos, CEO

Getting over our daily challenges is what defines us, and at LUSAVOUGA what also defines our daily operation is the constant pursuit for quality and providing a range of products that fulfil our customers' needs.

We operate in a very mature market, in constant evolution due to technology and innovation. Each achievement impacts the customer's experience and the way each organisation and the market operates. That is why new ideas and innovation are the top of our priorities – allowing a higher market focused operation, while increasing quality and service.

That is also one of the reasons why we decided to invest in our private label CHEMITOOL, where each product is the result of years and years of experience and know how – as well as a close relationship and development process with the manufacturer.

This close partnership enables us to test both prototype and final product in very aggressive and rough environments to reach a perfect high-quality, high industry standards product. This methodology is applied to every CHEMITOOL product: From a simple steel washer to the most complex, technical, expertise product, ensuring our customers, from the 30 markets we operate in, receive only the best products.

Innovation is our passion and what feeds and move us daily. In-line with this basic principle, is our digital strategy and our new state of the art B2B online platform, which will start preliminary beta-testing in September and will be available in the first quarter of 2020. The new platform will empower our customers and allow them full control of their order and a quick access to our products. +

SWEDEN

Bufab Group

Jörgen Rosengren, CEO

Since its foundation in Sweden 40 years ago, the Bufab Group has grown into a preferred partner to the manufacturing industry worldwide. We offer full service solutions in C-parts sourcing, quality assurance, and logistics, and have 1,300 'Solutionist' team members in 43 subsidiaries in 27 countries in Europe, North America and Asia.



We pair this global reach and our coherent 'Digital Best Practice' platform with strong local presence and entrepreneurship: A tribute to the down to earth family company feeling that has been a Bufab hallmark since the outset.

In the past five years, we have achieved very good growth (over 15% per year, every year) and improved our margins despite volatile demand in raw material and currency markets. Even more importantly, we have strengthened our customer relations and our supplier base, and we have invested heavily in our team, processes and tools. At the end of each year, we ask ourselves: 'Are we a stronger partner to our customers now than a year ago?' And so far, the answer is 'yes'.

This does not come without challenges. We have both global and local demand uncertainties, most recently the fear of trade war and a worry amongst our customers that growth is slowing down. We are of course dependent on our customers' demand and need to adjust to that. However, as we work very hard to become the most relevant supply chain partner, we strive to offset any weakening in industrial demand with new business growth.

Also, both raw material and currency markets have been quite volatile recently. In Bufab's case, the increase in material cost in 2017 – 2018 and the weakening of the Swedish currency in the same time period have of course posed a challenge. However, our experience is that with an honest and open approach to customers, we are generally able to pass on such cost increases not of our making, in the form of price increases. The customers know they gain it back, many times, in productivity gains by not having to do the sourcing, quality and logistics work themselves, and instead being able to focus on their core business.

Generally, customers are also much more demanding today than a few years ago. We like that! Our efforts mirror the issues and challenges our customers face – reducing

complexity, streamlining supplier bases, improving quality and delivery performance.

Recently, we have invested in a new generation of logistics solutions and launched a cloud service – EasyTrack™. It provides the customer global, multichannel access to a transparent overview of racks, bins, refilling, order status, delivery performance, drawings and more. Thanks to our global, coherent digital platform, we are also working with customers to find new ways for them to capitalise on their own unique data in order to drive productivity.

Increasingly, also, customers' need to ensure sustainability and corporate social responsibility, throughout their supply chain, is a reason for them to turn to Bufab. In this area, C-parts are especially challenging. Only players whose core business it is to ensure the sustainability of a wide variety of parts, to many suppliers worldwide, can give the necessary guarantees. Bufab has an EcoVadis Silver Medal ranking, and our aim is to be in the top 5% of sustainability companies in 2020.

In order to strengthen our relevance to customers, we are always on the lookout for new companies to join the Bufab family. Over the years, about 50 companies have chosen Bufab as a haven where they can continue their strong development in entrepreneurial freedom – yet gain access to a global platform and skill base. In the recent past, we have acquired for instance the Rudhäll Group in Sweden, Kian Soon in Singapore, and HT Bendix in Denmark. These new 'sister companies' bring skills and assets, which further strengthen Bufab.

As for the outlook for the rest of 2019 and beyond, we see an uncertain demand picture ahead. However, in such times, increasing productivity, flexible supply, and perfect quality, become even more important. Plus, in the face of environmental, political and social challenges, concrete sustainability actions are needed. That's why we keep investing in our Leadership 2020 strategy: To be the leading company in our industry, next year, no matter what the market does. +



SPAIN

INDEX Fixing Systems

By Roberto Lambarri, sales manager

INDEX Fixing Systems is a company dedicated to the production and commercialisation of fixing elements that offer solutions adapted to meet its customers' needs.

We are committed to a consistent quality strategy, which we consider an overall advantage for society and for the consumer. Our products are complemented by an excellent group of people who offer a high-quality service and technical assistance, which are guarantees of a committed company.

Our products comply with the strictest certificates in order to ensure this benefit. We are aware of our responsibility to society with a relationship in which everybody has something to gain.

Over the last three years the hardware and DIY sector has been growing at around 5% per year. With the change in habits of hardware and DIY customers resulting in a rise in spending per household in the sector. Decoration, renovations and overhauls are the levers that cause the current market to grow.

It is also a good period for distribution with openings, renovations and new business proposals. Large display formats have been included in new shops over the last two years, expanding over the whole territory and showing our commitment to the new POS formats that respond to the needs of the current consumer.

The traditional distribution channel is being modernised and moving towards making the point of sale more attractive for the consumer and placing greater importance on self-service formats. This positive trend and perspective in the fixing market also explains the increase in the supply of these products, rather than the basic price products from Asia.

A big challenge we face as a business is to ensure that end users, especially professionals, opt for the consumption of quality, assessed and certified products, rather than basing purchasing decisions solely on price. We also need to counteract the move towards 'big boxes' and 'hard discounts', which is trying to occupy the space currently occupied by the traditional channel.

To do this we will continue to focus on developing high added value products that provide differentiation, adapting to the needs of customers and end users. We will also offer the necessary formats and services in order to achieve an excellent client/user experience and ensure we have the employees and technical capabilities to supply these products, services and security.

Finally, digitalisation and big data projects will undoubtedly be crucial in the sector, and we will continue to work on improving the connection between online and offline channels. +