

# International Supply Chain TRADE DATA

## Reduce sourcing costs and enhance the decision-making process

Fastener companies across the United States incorporate a large amount of data into their decision-making processes. The *American Fastener Journal* has several examples of the wealth of information that is available for managers in this industry. While reports showing general trends for fastener-dependent industries provide some insight into the market, many companies are turning to another source of data that examines international supply chains at a product level and gives them a window into their competitors' and suppliers' businesses.

These fastener companies are turning to sources of data known as "Trade Data." This information is enhancing their decision-making process, reducing sourcing costs through educated contract negotiation strategies, and growing market share by anticipating competitive moves. Trade Data is different than most sources of information because, while it can enhance long-term strategies, it also answers questions in the short-term on how to grow revenue immediately.

### What is trade data?

Trade data provides information on the movement of physical goods (raw materials and finished products) from one country to another, including exports and imports. This information can come in the form of high level statistical data (outlining total trade volumes between countries or for a given commodity code) or very detailed shipment reports (outlining actual companies and products at a Bill of Lading/manifest level). Generally, all of this information is collected by government sources; however, it is typically disseminated by private companies that work with government agencies.

### What are some of the different types of United States trade data?

#### HIGH LEVEL STATISTICS

The most referenced form of trade data is the information gathered by the U.S. Census

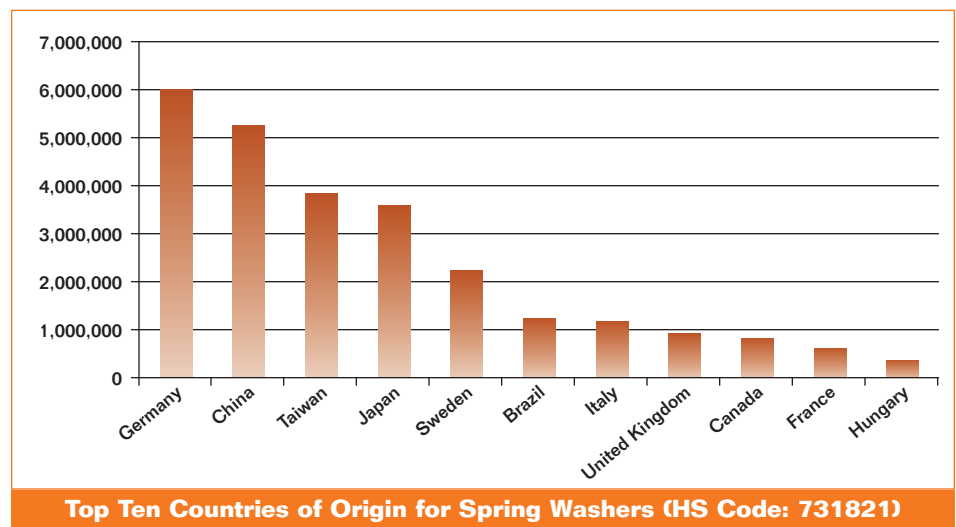
Bureau. This type of information consists of the total imports and exports for the United States using the Harmonized System (HS codes) and is commonly described as U.S. Census data. Census data is provided at a high level, with dollar value typically being the unit of measure. This data is comprehensive, covering all imports and exports.

The lowest level of information available with U.S. Census data is at a harmonized product level. For example, a user could see the total value of Lock Washers imported and exported in 2008. They could also examine what countries export the most lock washers to the United States and who receives the most imports. Often, this data is referenced when discussing the trade deficit.

#### DETAILED SHIPMENT INFORMATION

For companies looking for detailed information, U.S. Customs and Border Protection collects information on every shipment entering the United States at a Bill of Lading level from the Automated Manifest System (AMS). AMS, or U.S. Customs data, as it is commonly known, is the most detailed source of information that international trade professionals can access.

While the detail on this information is great, there is no significant standardization of how companies document product and commodity names. In addition, only waterborne imports are electronically provided by U.S. Customs, which encompasses more than 70% of import activity. Truck, rail, and air activity are not provided at a manifest



This information is provided by multiple companies, through different interfaces, with annual access ranging from more than \$6,000 to less than \$300. Different providers have reporting and charting functionality that allows users to create professional outputs for presentations. The quality of the databases varies greatly. The less expensive systems are more difficult to use and take more time to pull the data than the more advanced applications.

level of detail. U.S. Customs export data is not as readily available as import data at a shipment level; however, it is expected to be more widely available in the coming years. It is important to note that HS codes and the value of goods are not listed on the data provided by U.S. Customs.

This data is at the Bill of Lading level, which will show who imported a product and what company they received it from. For example, the data would show the company

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### What questions can trade data answer?

Regardless of the size of a company, there are many different types of questions that trade data can help answer:

- What is the total amount in dollars and weight for a single HS code or an entire chapter that is import or exported?
- Who is providing competitors with their products and raw materials for manufacturing?
- What types of fasteners does a company in China produce, and to whom are they shipping them?
- Is patented fastener technology being counterfeited, and how are the counterfeiters getting the goods into the United States?
- What country produces the most Rivets, and who are the largest U.S. importers?
- Who are the top importers of Coach Screws?

The answers to these types of questions may come in aggregate form (U.S. Census data) or be incredibly detailed (U.S. Customs data). Trade data ensures that organizations have the information needed to be aware of their ever-changing marketplaces.

that imported Lock Washers and who manufactured it in Taiwan. The product descriptions for this data will also be more detailed than Census data, possibly providing size and number of each type of Lock Washer that was imported.

Customs releases AMS data through the Freedom of Information Act, and a select group of database providers sell the information. Pricing for this data can range from a few hundred dollars for a single report to more than \$10,000 for annual access with multiple users. More expensive applications yield more accurate results, while cheaper systems are more of a search engine than a trade data tool.



### INTERNATIONAL DATA

Other countries provide trade data for their country's import and export activity. The United Nations is a great source for this information, as they provide international trade data from 249 different reporters. International trade data can vary greatly in its accuracy and usually is provided at the HS code level, like U.S. Census data. Some countries provide transaction level data, but the completeness and quality does not match U.S. Customs data. The type of data a country provides varies greatly.

Whenever investigating Trade Data, it is important to understand how the information will be used in order to select the right type of information to purchase. Often, using more than one type of data can provide great insights into a market. Remember that all types of information are just data until your insights and industry knowledge is applied.

protect their revenue bases by anticipating and reacting to competitive tactics and strategies. They can gain insights into competitors' supply strategies, preempt new initiatives, and uncover potential opportunities and threats. U.S. Census data can be applied if it is known that a company is the sole importer/exporter of a product from or to a specific country to determine the costs/prices of their imports/exports.

**Supplier Sourcing:** Manufacturers reduce supply chain development costs by finding what countries export their products and qualify sources by using a combination of U.S. Customs and U.S. Census data. They leverage their contract negotiating position by verifying their standing with suppliers by using U.S. Customs data.

**Lead Prospecting:** Companies who sell products and services to the international trade community reduce sales expenses and drive revenue by developing new leads and gaining insights into existing prospects with the uniquely detailed, targeted U.S. Customs dataset.

**Legal and Brand Protection:** Brand holders can save millions in lost revenue due to brand infringement, gray market

Bill of Lading: RWRD001890136070	(Master B/L: HDMUKHC0409938)	House/Master: House	Estimated Arrival: 08/02/08	Actual Arrival: 07/27/2008
Arrival: 02/27/2008	Carrier: RWRD	Vessel: Apl Sweden	Vessel Code: 0231282	Voyage: 061E
Shipper: Lon Hsa Precision Industrial Co., Ltd.	Consignee: Daily Fastener Industries, Inc.	Notify: Daily Fastener Industries, Inc.	Mode of Transportation: 11	Notify 2
No.42,shun-an St., Sulin Chen, Taipei Hsien, Taiwan	204 West Carpenter Avenue, Wheeling, Illinois 00090	204 West Carpenter Avenue, Wheeling, Illinois 00090		
Port: 55309 - Kao Hsiung, Taiwan	Port: 3704 - Los Angeles, CA	In Bond: US Dist Port: Foreign Port:	Weight: 2021 (KG)	Quantity: 205 (CTN)
Place Receipt: Keelung,taiwan			Measurement: 3 (CM)	TEU: 2.0
Container Number: HCMUJ2295C23	Quantity/Product Description: 205 Toon Lock Washers (Int Tooth Lw Plain, Ext Tooth Lw Plain) 208 Ctns = 6 Pallets		Marks and Numbers: POF (in Hexagon) Chicago Tooth Lock Washer N. W. Kgs G.w. Kgs Ctns. Made In Taiwan R.o.c.	

Sample Bill of Lading – Lock Washer

### General uses of trade data

Trade data provides much of the fundamental information global organizations need to effectively and efficiently complete their market intelligence efforts. There are many ways that companies take data provided by U.S. Census and U.S. Customs data providers and turn it into actionable, value-based initiatives.

**Market Analysis:** Companies cost effectively develop market evaluations and explore new market opportunities by examining both detailed and aggregate information. Great insights about the impacts of future scenarios lead to more accurate forecasting and strategic planning. Market share analysis can be performed by examining the total imports for specific companies using U.S. Customs data and comparing it to the totals for products in U.S. Census data.

**Competitive Intelligence:** Organizations use U.S. Customs data to expand and pro-

trade, and counterfeit imports by proactively protecting their supply chains and routinely monitoring their product's imports. In essence, they can use the counterfeiter's own import data against them by utilizing U.S. Customs data. In addition, they can ensure companies and other countries are complying with product classification requirements and antidumping statutes.

Without accurate and timely trade data, companies may face an uneven playing field and potentially make poor decisions. After the implementation and execution of strategic and tactical decisions, the intelligence cycle and the need for trade intelligence continues. Companies should compare results to original objectives, industry averages, or specific competitors. This information can then be used in modifying existing objectives or creating new ones.

## Choosing U.S. Census or U.S. Customs data

The two main types of trade data provided by the United States government are U.S. Census and U.S. Customs data. In short, the difference between these two datasets is that U.S. Census data is a high level, aggregate view of the movement of goods to and from the United States, and U.S. Customs is a shipment level, detailed view of the products being imported. Depending on the research you are conducting, U.S. Census data will answer different questions than U.S. Customs data. In some cases, when the data is used together, great insights can be found.

### Choose U.S. Census data if you need the following:

- The total value of shipments being imported/exported for a product or group of products.
- The top trading partners for the U.S. for products or groups of products.
- Data based on Harmonized System code.
- Information including truck, rail, or air shipments, which are not included in U.S. Customs Data.
- The balance of trade between the U.S. and a trading partner.
- Information on exports. Currently there is not a complete set of export data, as it is not released by U.S. Customs in the same manner as import data.

### Choose U.S. Customs data if you need the following:

- Specific shipment details. For example, you want to see how products are being listed on shipment documents.
- Research a competitor's or supplier's imports into the United States.
- Find companies in a specific region who are importing.
- Search for product based on description. HS codes are not provided in U.S. Customs data.
- Establish supply side market shares for companies.
- Continuously monitor shipments for an importer or supplier.

## How timely should I expect the data to be?

U.S. Census data is completed and released approximately 45 days after a month's close. Most providers then quickly incorporate this information into their tools. The data is updated once a month, and then there can be revisions to the official information from the Census Bureau at a later date.

U.S. Customs data is released to providers on a daily basis, and different providers expose this information for their customers within a couple of days, or it could take several weeks. No providers have a live feed to the data, as it takes U.S. Customs a couple of days to distribute the information. In addition, some providers augment the raw data with outside sources, which can dilute the raw data from U.S. Customs and causes delays in distribution.

## CHOOSING A TRADE DATA PROVIDER IS LIKE BUYING ANY OTHER BUSINESS TOOL; THE FEATURES AND FUNCTIONALITY OF THE TOOL MATTER.

### What are the features to look for in a trade data provider?

Choosing a trade data provider is like buying any other business tool; the features and functionality of the tool matter. Once it is determined what type of data set is needed, U.S. Census, U.S. Customs, or both, it is important to note that even though the source data is the same, the interface that is used to find the information can greatly affect the accuracy of the data retrieved, the time it takes to complete a project, and the ease at which the data can be pulled. Companies should consider the overall value when selecting a trade data provider, along with these factors:

1. **Timeliness of the data:** How old is the newest information?
2. **Support level of the provider:** Will the provider include training and prompt customer service?
3. **Accuracy of the data:** Has the provider changed or truncated the data?
4. **Accuracy of searches:** Are you purchasing an advanced trade data tool or simply a search engine?
5. **Breadth of data:** Does the provider limit access to only a slice of the dataset or provide several years of historical data?
6. **Trial subscriptions:** Will the provider allow you to use the tool before you purchase it? A video demonstration or a sample report of data is not a full representation of the tool.



Ultimately, using trade data of any kind will improve a company's knowledge base and provide the information necessary to make the correct decisions needed in a changing marketplace. It is up to the end user of the data to decide what type of information they need (high level, detailed, or both), what uses they will have for the data within their company, what trade data application features will best meet their needs, and finally, what provider can partner with them to transform raw government data into actionable intelligence.

### Break out section

In upcoming issues, Zepol Corporation will provide several reports on the fastener industry, similar to the *Economic Forecast* that appears in most *American Fastener Journal* issues. If you have any suggestions regarding reports you would like to see derived from U.S. Census or U.S. Customs data, please email [media@zepol.com](mailto:media@zepol.com). ■

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