



Using Trade Data at your Fastener Company

by Kevin Palmstein

Kevin Palmstein is the Manager of Marketing and Product Support at Zepol Corporation and blogs about importing and trade data related issues. Customs import Bill of Lading database is available via several subscription options.

With the United States being the largest market for fastener companies in the world, it is extremely important to understand how it performs and what sectors show growth. While the world economy struggles and the fastener industry performance are weighed down by weakness in other industries, proactive analysis of existing trade information is more vital today than at any point.

Several factors have contributed to the rise of intelligent statistical analysis of trade information:

1. Private companies began taking available trade data provided by governments around the world and making intuitive user interfaces to better report the information. The best providers go as far as showing visual interpretations and aggregate trend analysis that add value that cannot be matched.

2. Increased international trade gave rise to more data availability. As international trade becomes a larger and larger portion of economies around the world, more and better data is needed to understand what is happening in both large and small industries. Five years ago, international sales made up a fraction of some companies revenue and now it constitutes a major portion in many organizations.
3. Business intelligence became an important function in many large companies and now smaller organizations are putting increased resources into learning more about their competitors, suppliers, customers, and the market as a whole. Knowing more allows them to make better decisions that reduce the risk associated with new initiatives.

The fastener industry is not different from other industries, but many do not know what “Trade Data” is or how to use it to grow revenue, reduce risk, and increase strategic effectiveness.

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. In this article I will focus on United States Trade Data. Trade data from China and other countries also exists, but not at the same consistent quality as the U.S. information.

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What are some of the different types of United States Trade Data?

High Level Statistics

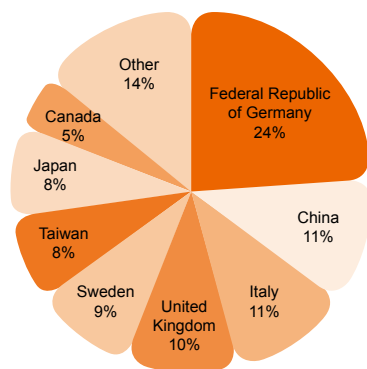
The most referenced form of trade data is the information that is gathered by the U.S. Census Bureau. This type of information consists of the total imports and exports for

the United States using the Harmonized System 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.

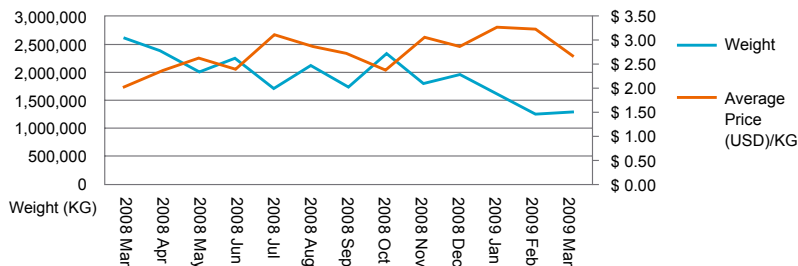
The lowest level of information available with U.S. Census data is at a harmonized product level. For example, a user could see the total value of Lock Washers imported and exported in 2008. They could also examine what countries export the most Lock Washers to the United States and which countries receive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

For example, this type of trade data allows the user to develop all of the types of information below:

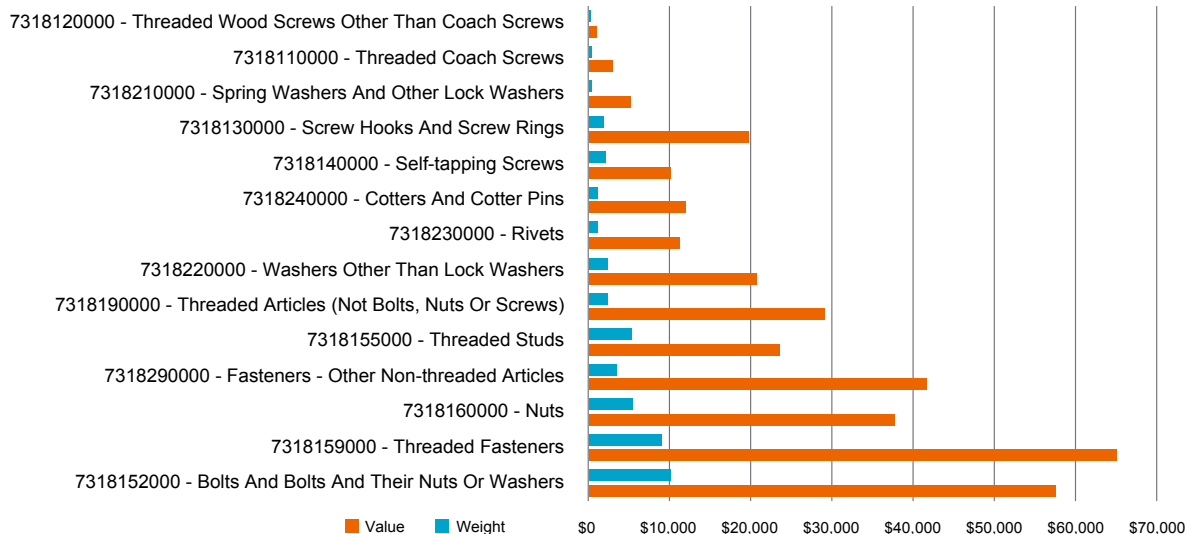
Country Market Share for Imports March 2009
HTS: 7318.21.0090 - Steel Spring Washers



Pricing Analysis for HTS 7318.15.4000
Machine Screws from Taiwan



U.S. Exported Steel/Iron Fasteners 2008 by Vessel Weight and Value



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 using the Automated Manifest System (AMS). 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 over 70% of import activity. Truck, rail, and air activity are not provided at a manifest 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 HTS numbers 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 that imported Lock Washers and who manufactured them 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.

Sample Bill of Lading - Lock Washer

| | | | | | | | |
|---|--|---|--|--|--|---------------------------|--|
| Bill of Lading: KKLUZJG001724 | | House/Master: House | | Estimated Arrival: 050419 | | Actual Arrival: 4/19/2009 | |
| Arrival: 4/19/2009 | | Carrier: KGLU | | Vessel: Shanghai Bridge | | Vessel Code: 9261451 | |
| Shipper | | Consignee | | Notify | | Notify 2 | |
| Winsen Industry Co., Ltd. 15 Yuefeng Rd., Economic Development Zone, Zhangjiagang Jiangsu, China 215600 Tel: 0512-59918000 Zhangjiagang | | United Steel Fasteners Inc. 1500 Industrial Drive Itasca, IL 60143 Tel: 6302500900 Itasca II | | World Commerce Services, Inc. 920e Algonquin Road, Suite 120, Schaumburg, IL 60173 Tel: 224-653-2800 Schaumburg II | | | |
| Port: 57036 - Shanghai, China | | Port: 2709 - Long Beach, CA | | In Bond: 61 - Immediate Transportation | | Weight: 17000 (KG) | |
| Place Receipt: Zhangjiagang_cn | | | | US Dist Port: 3901 - Chicago, IL | | Quantity: 25 (PKG) | |
| | | | | Foreign Port: | | Measurement: 15 (CM) | |
| | | | | | | TEU: 1.0 | |
| Container Number | | Quantity | | Product Description | | Marks and Numbers | |
| KKLTU7495620 | | 25 | | Track Bolt W/Hex Nut Lock Washer Shipper Advise This Shipment Contain No Swpm Chicago K Line America, Inc. 1724 Finley Road, Lombard, IL 60148, U.S.A. Tel: 1-630-599-2300 Fax: 1-630-599-2301 Freight Prepaid Ref Prepaid Ddc Collect | | L1sf De I Na Na Na Na | |

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.

Lead Prospecting - Companies who sell fasteners to the United States can 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. This is done by first searching the data for the specific fastener product and then downloading a list of the companies that have purchased the products. Sales can then look at the prospect's shipment history and further qualify them before making contact, increasing the chance of making a sale.

Below is a sample of one of these lists:

Top 5 U.S. Consignees of Spring Washers for Q1 2009

| Consignee Name | Metric Tons | Shipments |
|-----------------------------|-------------|-----------|
| Maclean Power Systems | 113.35 | 1 |
| Little Glant Company | 24.24 | 1 |
| Spicer Gelenkwellenbau N.A. | 21.96 | 4 |
| Hettich America L.P. | 19.35 | 1 |
| Win Soon Inc. | 15.83 | 1 |

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 protect their revenue bases by anticipating and reacting to competitive tactics and strategies. They can gain insights into competitors' customers, 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 exporter of a product from a specific country to determine the costs/prices of their exports.

Supplier Sourcing - U.S. based 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 using U.S. Customs data. They will target the companies that produce the products they want to produce and verify claims made by potential suppliers. This puts additional pressure on suppliers to know what trade data shows for their trade activity with the United States.

Legal and Brand Protection - Brand holders can save millions in lost revenue due to brand infringement, gray market trade, and counterfeit imports by proactively protecting their supply chains, routinely monitoring their product's imports. In essence, they can use the counterfeiter's own import data against them. 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. ■
