global sources

Tools

China Sourcing Report

Executive Summary

China's tools industry is anticipating exports to remain on an upward track this year, but growth will be slower than in 2011. Many suppliers see the economic difficulties in the US and the EU dampening overall demand, keeping increases in revenue below 10 percent.

Nonetheless, the two areas will remain key destinations in coming months. Despite the projected contraction in demand, most companies still plan to strengthen their presence in the US and the EU since tool consumption in these markets continues to be unmatched by alternative destinations. For most of the suppliers in this report, the two account for the bulk of orders.

To ensure an uptick in revenue, many enterprises intend to increase penetration of the Asia-Pacific region and Eastern Europe. A number will also explore business opportunities in the Middle East, Africa and South America.

Key findings

1. Price competition is expected to intensify amid the contraction of demand in the industry's two largest markets. Consequently, many companies plan on keeping increases in quotes, if any, to a minimum. In Global Sources' survey, more than 50 percent of respondents indicated they would limit adjustments to the 10 percent range in 1H11.
2. Labor costs will continue to put pressure on margins and prices, especially for companies in coastal hubs. Manufacturers are offering better compensation packages to retain and attract required personnel amid the persistent shortage in the areas.
3. The growing strength of the yuan against the US dollar is also a key concern for most companies, since any appreciation means an equivalent loss in margins.
4. To appeal to a broader market, suppliers are expanding selections to include more tool kits. The latest releases comprise models for specific applications such as plumbing and automotive repair. Sets and multifunction implements for various DIY tasks are also on the rise.
5. China-made tools will come in a wider range of hues and colorways. Designs with more user-friendly functions and safety features are also anticipated.
6. In light of the uncertain market conditions, most manufacturers will either keep capital investment at current levels or limit additional expenditure to 50 percent or less during the year.

Scope & methodology

This report covers the major products of China's tools industry, namely hand and power implements, garden tools and related storage systems.

The categories are discussed in separate sections. For each, details on the different types offered, their common features and key price determinants are provided. The latest trends in materials and designs are also discussed.

The Industry Overview elaborates on issues affecting production and exports. It also identifies the common strategies manufacturers are employing to cope with challenges and enhance competitiveness.

To reflect the industry structure, the majority of the suppliers featured in this report are local, privately owned enterprises. Nearly 40 percent of companies are based in Zhejiang province, the leading production hub.

To produce this report, Global Sources interviewed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into price trends, sales outlook and target markets in the next six to 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

Global Sources supplier rankings

★★★★★★

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.