

SAN JOSE -- The global electronic connectors market is projected to reach \$89.6 billion by 2018, primarily driven by technology developments, improving world GDP, growth in shipments of smartphones and other portable computing devices, and emerging opportunities from non-traditional end-user industries, such as medical and alternative energy.

Robust demand from developing countries also augurs well for the market, says **Global Industry Analysts**.

In a new research report, the firm says Asia-Pacific represents the most prominent region, with dollar sales waxing at a CAGR of about 9% over the analysis period. Steady economic growth, stronger production activities across key end-use industries, robust demand for consumer electronics and automobiles, undeterred pace of industrialization, mass exodus of automotive and electronics manufacturing activity to developing countries such as China and India, among others, remain truly powerful drivers. Telecommunications industry represents the fastest growing end-use market for electronic connectors. Growth in demand from telecom industry, especially for multifiber connectors, will be driven by increase in adoption of 40/100 GbE network technologies.

In Europe, the [electronic component](#) supply chain has had a roller coaster ride with the market hitting the steepest trough in 2008 and 2009, when the heat of the recession practically dried up inventory as manufacturers aggressively followed Lean manufacturing practices to cope with depressed demand. 2010 witnessed a strong rebound, with bullish market sentiments triggering the steepest rise in inventory levels in the distribution market. The increase in inventory holding levels was also partially triggered by fears of possible disruptions in raw material/components supply from Japan in the post tsunami and earthquake period. As a result, manufacturers of industrial equipment, automobiles expanded their inventories over-proportionally resulting in a spurt in new orders for electronic connectors, which remain a critical part of the electronic component supply chain. In coming years, deceleration in inventory stocking levels will impact new orders both as a result of the market's natural inventory correction trend and by the changing economic outlook caused by the ongoing European debt crisis.

Roller-coaster ride. Following the decline witnessed during the 2007-09 recession, the electronic connectors market rebounded in 2010, in synch with resurgence in demand from key end-use markets. Continuing economic uncertainties in US, Europe and Japan are keeping pressure on the components supply chain, with inventory vacillating between being an asset

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Written by Mike Buetow

Tuesday, 13 March 2012 09:37 -

and liability. In 2011, against the background of rebounding demand, the supply chain remained stressed with raw supply shortages stemming from Japan as a result of the tsunami earthquake and the nuclear power plant crisis, which resulted in large scale destruction of manufacturing facilities, and which also severely crippled the country's access to infrastructure and logistics. The magnitude of the concern caused can be put into perspective by the fact that Japanese manufacturers have a dominant position in the global supply chain of several electronic component technologies.

Although Europe's debt crisis triggering yet another downturn in the global electronics cycle is currently not seen as a possibility, the threat of contagion of the Euro crisis into the US economy, however, remains compelling in the event of a possible worsening of the euro crisis within France, Italy and Germany. Currently, however, market sentiments are being upheld by efforts to keep money flowing through the Europe's financial arteries as governments plan bailout funds. Although these short-term solutions do not provide a permanent solution to the crisis and in reality indicates deferring of conclusive, corrective action, market sentiments are nevertheless encouraged. Despite the bullish outlook, the domestic European electronics industry nevertheless remains nervous over the play out of the sovereign debt crisis drama and is facing immediate hurdles, such as, credit restrictions, consumer indecisiveness, slower import growth, fears of slowing consumer spends, and possible collapse of consumer confidence in the event of escalation in the severity of the crisis.

Performance of key end-user industries for electronic connectors in Europe's deficit ridden countries is currently hanging in balance with demand in automotive, computers, industrial, consumer electronics, transportation and aerospace and defense, showing signs of diminishing. The automotive end-use sector in the region is already slumping amidst the crisis. Plagued by high national debts and the ensuing downward pressure on economic growth, consumers' buying power is declining as is reflected in the softening of retail sales of passenger cars in Europe's deficit countries. The decline in passenger car sales coupled with planned production cuts backs at European factories, is expected to result in demand for electronic connectors in the domestic European auto industry losing momentum in 2012.

In the industrial and manufacturing sector in Europe, the healthy recovery made so far from the 2007-09 recession is now losing steam. EUs industrial sentiment currently remains torn between fears and optimism, given the mixed signals emanating from the volatile and weak manufacturing data in Spain and Italy and the encouraging industrial performance in Germany supported by strong export demand. In the defense/military end-use sector in Europe, where opportunities critically hinge upon the spending outlook of governments, the growing debate over widening government deficits and need for spending cuts, is likely to result in possible shrinkage in defense budgets. This thereby will reverse the prolonged period of high military spending which largely helped the sector to remain resilient through the 2007-2009 recession.

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Key players in this marketplace include **3M, ABB Group, Amphenol, Anderson Power Products, AVX, Cinch Connectors, Dai-ichi Seiko, DDK, Delphi Connection Systems, ERNI Electronics, FCI SA, Foxconn Electronics Inc., Harting Electronics, KG, Hirose, Honda Connectors, Hosiden, Huber+Suhner Group, ITT Interconnect Solutions, JAE Electronics, JST Mfg., Lear, Lemo, Leoco, Lumberg Connect, Methode Electronics, Molex, Preci-Dip Durtal, Radiall Group, Rosenberger Hoch, KG, Smiths Interconnect, Sumitomo Wiring, TE Connectivity,** and **Yazaki,** among others.