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# Components vendors see a rebound on the way for faltering economy

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5/9/2002 11:47 AM EDT

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Most components vendors and their distributors who were asked about the future of the market said that they see early signs of a business recovery after one of the worst downturns in memory. The companies surveyed will gather this week in Las Vegas for the annual Electronic Distribution Show (EDS).

"People are no longer waiting anxiously to see how far their markets have dropped. They are looking at how much they've come back," said Robin Gray, executive vice president of the National Electronic Distributors Association (Alpharetta, Ga.). "Most people are bit more upbeat than they've been in the past year and most are fairly confident that the bottom has been reached and a recovery is under way," Gray said. "My key question is when will we see a significant improvement in growth as opposed to an incremental increase in growth."

Although business conditions are tough right now, the majority of components vendors questioned said they are prepared for the upturn. Interconnection components vendor Molex Inc. (Lisle, Ill.) is ready to respond to the next uptick, said Joe King, Molex's vice chairman and chief executive officer. He said that the computer market is showing early signs of a recovery, and the digital consumer market looks encouraging. There is a general consensus among suppliers, however, that the networking and telecommunications sectors probably won't recover until 2003.

Many suppliers believe that lead times for some key components will start to stretch as inventories are depleted in the channel because companies are cautious about putting inventory on the shelves and increasing production capacity.

Every manufacturer will study demand before adding production capacity and committing resources to turn their factories back on, said John Denslinger, senior vice president of sales at Murata Electronics North America Inc. (Smyrna, Ga.).

### Second-half growth

Key players in distribution agree that a slow recovery has begun, though most growth likely won't occur until the third or fourth quarter. "If there is going to be growth this year, most likely it will be in the fourth quarter, but it's very possible that we won't see acceptable growth until 2003," said Mike Morton, senior vice president for global product marketing at TTI Inc. (Fort Worth, Texas).

Ian Heller, senior vice president of marketing for Newark Electronics (Chicago), seconds

that view, saying, "If there is going to be a recovery it will be mild and most likely it will happen in the third and fourth quarters."

Heller believes people are eager to look forward and don't have a lot of appetite for looking back. Companies recognize that the supply chain management issue hasn't been fixed yet, and they are going to invest in the right processes and systems to better manage those issues going forward, he said.

For the most part, companies are focused on adding value, innovating with new products and finding a hot new generation of technology to drive some good demand this year, Heller said.

New product introductions are expected to help drive that growth, and a few component manufacturers maintained product launches in 2012.

"We have continued to play our role and will introduce 120 new products this year," said Glyndwr Smith, assistant to the CEO and senior vice president of marketing intelligence for Vishay Intertechnology Inc. Because of production capacity added in 2010, Vishay is well-prepared for an upturn.

Phycomp/Yageo USA is introducing a new line of products at EDS. The company will announce that it has licensed passive-component technology from X2Y Attenuators LLC (Erie, Pa.).

The technology will be used to produce products that can be used to manufacture integrated passive components that feature superior electromagnetic interference suppression filtering and decoupling performance.

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