Commentary

David versus Goliath - Europe's standing in the world electronics market

Berlin, March 2, 2021 - Europe's world market share of electronics is falling and is on its way to 8%. To put this in perspective, Apple and Samsung each claim the electronics annual demand of all of Europe - a single company as much as all of Europe! A change is not to be expected, rather a worsening of the trend, because smartphones and associated derivatives are electronics carriers that are manufactured in Asia. But not only the production of electronic devices takes place largely in Asia, but also the production of the semiconductors/silicon itself, which in the finest structures (currently 3nm & 5nm) is worldwide only possible in two places in Asia.

E-mobility, IoT or smart home - all of which play a role in Europe - will not shift the picture in our favor. We Europeans have negligently jeopardized our position by clinging too long to "traditional or fossil" technologies. Nevertheless, we still play a role as a provider of ideas and innovation - when it comes to development and patents, people still (!) look to Europe. But aren't we currently squandering our silverware?
Our innovative strength is based on education. The pandemic has shown us how well (or poorly) we are positioned here: Digital infrastructure criminally neglected because of focus on tolls - shameful. Our competitors don't need a storm; we score the goals ourselves, and in our own goal.

Our supply chains for the global players?
If we plan cleanly and for the long term, we will retain the slot reserved for us with the manufacturers. In particular, we will serve our long-term business partners in distribution. Because the chip manufacturers need the perspective via distribution on the broad electronics market, the many innovative customer projects or even start-ups for the products of the future. Those who think they will receive special treatment because of their "large" sales volume will have to reckon with shortages, despite all the Asian stoicism. The Asians may be polite people - but priority? With Europe's total share of the world market of 8%? Even the automotive industry in Europe does not play in the Premier League.

We can only survive with qualified communication and careful planning. We should not allow ourselves to be arrogant, but must act cleverly, quickly and efficiently and use the channels we have. In Europe, no customer is big enough to enjoy priority over the USA or Asia because of its volume. This realization may hurt, but it can help minimize even more painful losses. Our self-perception must give way to a self-awareness that looks at strengths and weaknesses with an open mind. Then we have a chance.

Distribution has learned to buffer time jumps between dominant partners, to mediate diverse and heterogeneous interests, to channel information flows of various kinds, and to optimize supply chain logistics in a highly efficient manner. And all with a margin that is always shrinking over the years. It is time to think hard about values in logistics and the real relevant task.

The pandemic and its consequences show us many things in a burning glass! Let us learn, even if it hurts: We are no longer the center of this world, but we remain an important part of it. If we understand this and align ourselves accordingly, we may be at a decisive point, for a change the famous 7 years ahead of the USA.
Cooperation and partnership - not just when everything is in place - can help Europe and its players to survive in the global context. Lone fighters will perish. Too bad David!

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About FBDI e. V. (www.fbdi.de):
The FBDi e.V. – Fachverband der Bauelemente Distribution e.V. (Professional Association of Component Distribution), founded in 2003, is well-established in the German association community and represents a large portion of distributors of electronic components with operations in Germany. In addition to the preparation and advancement of numerical data and statistics concerning the German distribution market for electronic components, work group engagement and reporting on important industry themes (amongst others, education, liability and rights, traceability, and environmental themes) form essential pillars of the association’s work. The FBDi is a member of the International Distribution of Electronics Association (IDEA).

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