

2019 Industry Outlook:

ERA member survey identifies key trends, challenges and opportunities for the electronics industry this year.



As 2019 gets underway, many people question the U.S. economic outlook for this year. Despite some uncertainties, key economic indicators, such as gross domestic product (GDP) growth rate, current unemployment rates and inflation, point toward subdued growth and a fairly healthy economy in 2019.

According to a recent report in *The Balance*, the GDP growth rate is expected to remain in the ideal range of 2 to 3 percent; unemployment rate, which at the end of 2018 was at 3.7 percent, is expected to fall to 3.5 percent in 2019; inflation is forecast to be 1.9 percent in 2018 and 2019, with a rise to 2.1 percent in 2020 and 2021; and U.S. manufacturing is forecast to increase faster than the general economy.

With all indicators projecting continued growth in 2019, what is driving economic uncertainty?

Stock market fluctuations coupled with concerns about a widening trade war — a result of President Trump's global tariffs on steel and aluminum — are worrying businesses.

So what does all this mean for the electronics industry?

According to SourceToday's "2019 Distribution Outlook: Bright and Sunny, with Steady Investment Ahead," electronics distribution is on a roll that shows few signs of slowing in 2019. The growth

is fueled by strength in almost every vertical market — from automotive and industrial applications to security and military/aerospace. The adoption of 5G technologies, the Internet of Things (IoT) and cybersecurity also are contributing to that growth.

This is echoed in a recent Semiconductor Engineering report, which stated that 2019 has started with cautious optimism for the semiconductor industry as new fields drive technological advancements. Specifically, the rapid adoption of artificial intelligence (AI) is fueling advancements in fields such as automotive and IoT. 5G, another important enabler, also is being readied for significant deployment.

The Electronics Representatives Association (ERA) strives to stay on top of industry trends and opportunities. To keep its members informed and up to date on today's industry issues, ERA put together its Industry Forecast for a third

consecutive year.

The report was generated via an electronic survey, which was conducted entirely over the Internet in December 2018. It offers a current assessment and 2019 outlook of the electronics industry, based on rep, distributor and manufacturer ERA member feedback.

Key highlights of the report include demographics of the surveyed respondents, business performance, operating costs and areas of importance.

Approximately 78 percent of respondents identified themselves as reps, 13 percent stated that they are manufacturers, and 9 percent stated that they are distributors.

It appears that business was good for most in 2018. The majority of survey respondents (92

percent) rated 2018 as a good, very good or excellent business year for their organizations, while only 8 percent rated 2018 as a poor to mediocre business year, down from 13 percent in 2017.

While expressing some concerns about flat growth in 2019, 89 percent of survey respondents expect this year to be either a good, very good, or excellent business year for their organization.

In addition, the majority of respondents ranked the economy, strategic and business partnerships, marketing initiatives and new technologies as the key most important

issues for their organizations in 2019.

For a third consecutive year, surveyed ERA members shared that when planning for 2019, the highest sales growth is projected to come from the military/defense sector, with additional business growth drivers including: industrial and aerospace, medical, IoT and automation markets.

Despite all the issues with the global economy, concerns about industry slow downs, reduced commission rates, lack of new lines and manufacturers moving to a direct sales model, the 2019 outlook seems to be cautiously optimistic.

Read on for detailed survey data of ERA's 2019 Industry Forecast (pages 6 and 18).

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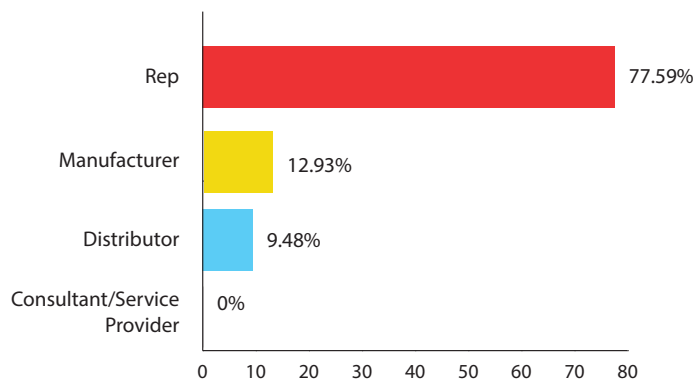
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This article was written by Neda Simeonova, editor of The Representor.

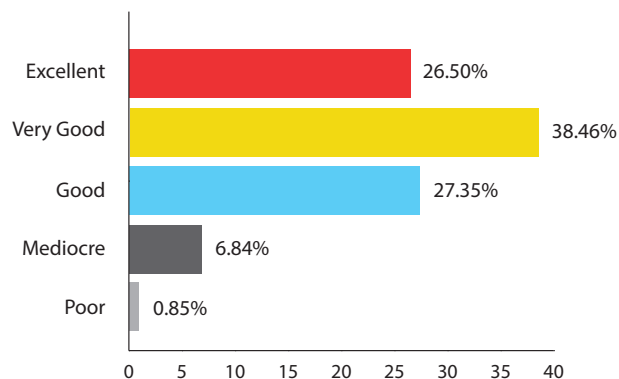
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Please identify your firm.



How do you rate this year (2018) as a business year for your organization?



(continued on page 18)

Visit era.org to view the complete ERA 2019 Industry Forecast survey results.

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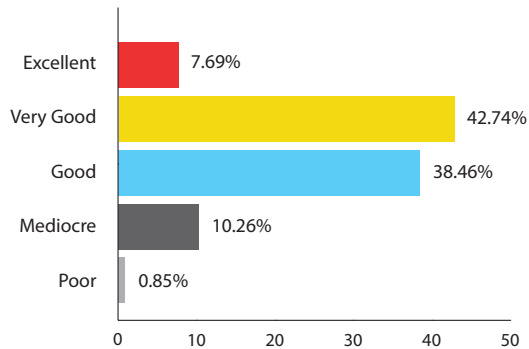
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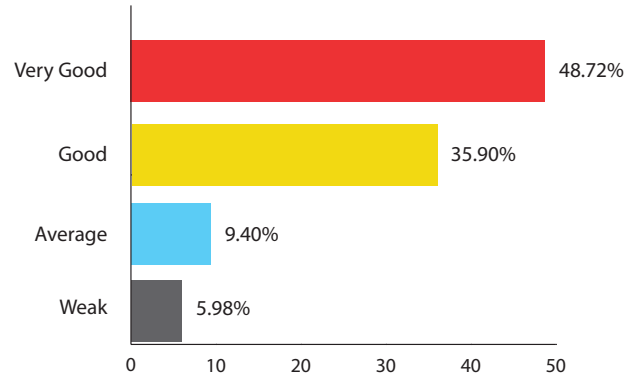
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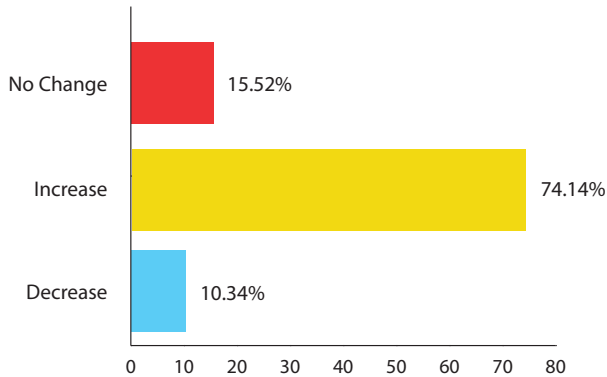
How do you expect to rate next year (2019) as a business year for your organization?



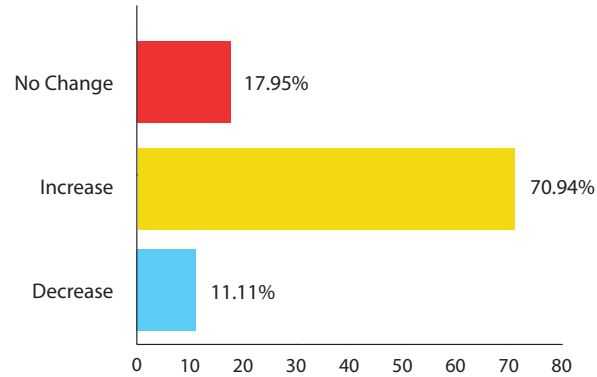
How would you rate the overall health of your firm today?



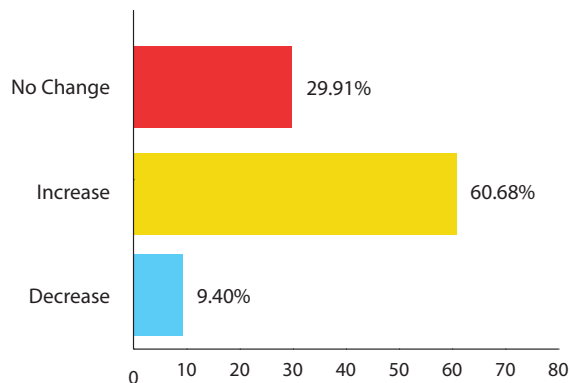
How has your organization's revenue changed in 2018 compared to 2017?



How do you expect your organization's revenue to change in 2019 compared to 2018?



How do you expect your total operating cost to change in 2019 compared to 2018?



Rate how important each of the following topics will be in the coming year to your organization (1 = not at all important, 7 = very important).

