

Electronic Components Value Chain The Need for an Updated Assessment of Distribution Value

Dale Ford, Chief Analyst

Issue

Technology and the electronics industry are a powerful force driving direct and indirect markets and economies around the world. Just as the electronics industry has seen exponential growth in recent years, its global influence has grown exponentially. Some understanding of value can be seen through cumulative revenues and stock market valuations that provide a summarized perspective in worth. However, engaged management must actively consider a more complete picture of value as it seeks to succeed in today's environment. This analysis provides an outline and observation of key dimensions of value in the electronics industry:

Dimensions of Electronics Value

- Creation
- Capture
- Grow
- Defend
- Measure
- Communicate and Promote
- Share

The area of electronics components distribution presents an important area where in-depth analysis of the value created has not been studied for many years. The typical value pyramid shows revenues ranging from raw materials to electronics components to electronics systems to services, software & content. The value of distribution in most views is completely overlooked. This is a serious oversight given the significant value enabled by distribution services. The first phase of this analysis will provide a brief review of key aspects of the value of electronic components distribution. The opportunity to create an updated understanding of the value of the electronic component distribution/rep model will be highlighted. ECIA invites sponsors to support this highly valuable, updated study.

Most representations of the electronics value chain exclude the role of distribution in the industry. Just as low-cost electronic components enable high-value electronic systems and services, distributors enable the efficient and productive operation of supply chains that bring important benefits to both component manufacturers and customers. In 2003 a study was conducted by the Texas A&M University Industrial Distribution Program to quantify the value of authorized distribution. While this was a highly valuable and comprehensive study, it has been over 15 years since this research was performed and the distribution model has evolved significantly in this time.

ECIA has teamed up with Texas A&M to present the opportunity to create an update of the analysis of distribution value in a 2020 study. This updated study will deliver a valuable new dimension. The 2003 study was focused primarily on presenting the value of distribution to customers. The updated study will be more focused on provided manufacturer executives with an objective rationale for using distributors and manufacturer representatives.

Sponsors are currently being invited to support an updated study which will deliver focused and meaningful data and analysis targeted to all participants in the electronic components supply chain. You are invited to sponsor this study. A critical level of support is needed before the work can begin. If you are willing to support the updated study, please contact Dale Ford at dford@ecianow.org. You can view a webinar presentation describing this proposed study. The presentation slides and the webinar recording are available on the [Training & Resources](#) page of the ECIA website.