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CBI Channels and Segments:

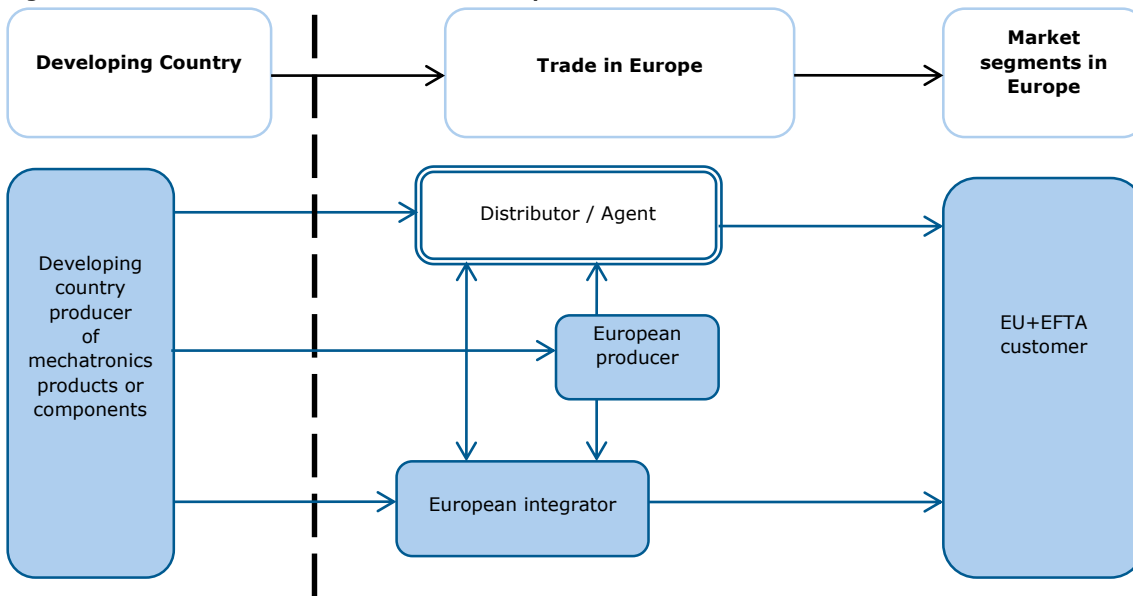
Motion, Drives, Control and Automation: Mechatronics in Europe

Introduction

Developing Country exporters have three options in order to enter the European market: 1) subcontracting of components or finished products for European producers, 2) supply of finished products to distributors or agents and 3) supply of finished products or subcontracting of finished products or components for European system integrators.

Market channels

Figure 1: Trade structure for Mechatronics in Europe



Source: Peer group MDCA and interviews with industry experts (2013)

European producer

- The European producer is a European company which manufactures any product that can be used in a mechatronic solution.
- For a Developing Country exporter, the European mechatronics product manufacturer provides a subcontracting opportunity for either finished products or for components.
- Developing Country exporters might also seek European manufacturers who advance to new technologies but still need to have old technologies produced and supported.

Distributor / agent

- A Developing Country exporter can supply finished products to distributors or agents.
- The distributor or agent is a European company which trades any product that can be used in a mechatronic solution.
- Distributors may offer three tiers: 'good, better, best'. There is an opportunity for Developing Country exporters to supply the good "price fighting" brand.
- Agents take a relatively small percentage fee (typically 2-5%) as commission, in return for obtaining initial orders, ensuring payment and maintaining customer liaison. So far, there are only a limited number of agents in Europe, however, their number could increase in the next years, as this model is quite common in the USA, and it effectively offers a less expensive alternative to employing full-time sales staff. Agents may be a more profitable route to market in comparison with distributors who will require much larger margins.

Integrator

- The integrator is a European company which provides a design, construction and installation service of complete automated solutions which comprise a number of mechatronic products.
- A Developing Country exporter can become a supplier of finished products or can offer a subcontracting integration service.



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This survey was compiled for CBI by Globally Cool – Creative Solutions for Sustainable Business
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