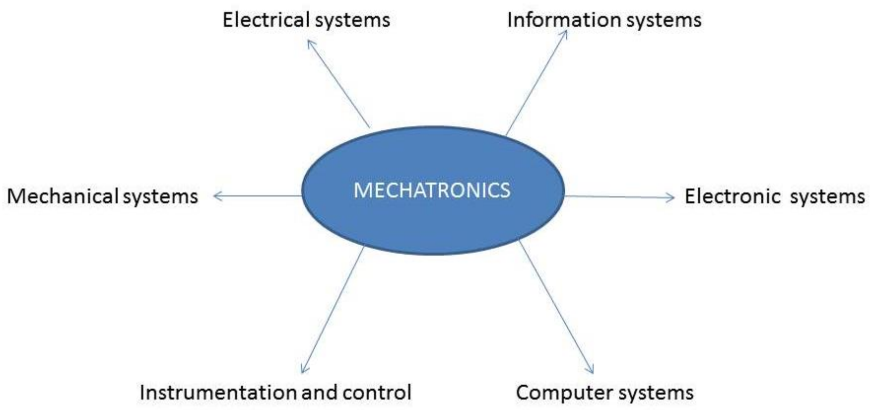
CBI
Ministry of Foreign Affairs

CBI Competition:

Motion, Drives, Control and Automation: Mechatronics in Europe

Introduction

The mechatronics sector comprises so many products that it is not easy to generalise. By definition, it is a combination of mechanical engineering, electrical engineering, telecommunications engineering, control engineering and computer engineering. In terms of products, mechatronic systems include a vast array of items ranging from servo motors, sensors, linear systems and pneumatic products, to robotics, actuators, electrical products and electronic control systems. The winners of tomorrow will be companies that are able to offer high-quality 'less-is-more' mechatronic systems.



Market entry: High-quality manufacturers will win

Companies all over the world are using automation in new plants, as well as in the redesign of existing processes. Such automation is intended to eliminate the need for unnecessary and costly labour in particular tasks (e.g. handling and visual inspection), in addition to integrating and streamlining production processes. The need for mechatronic products is therefore likely to increase as the trend of automating machinery and equipment strengthens on a global scale, particularly with regard to packaging, inspection and pick-and-place applications.

Given the relatively young age of the mechatronics industry and the rapid pace of growth in demand, the risk of new entrants can be regarded as relatively high. Most new entrants are existing companies that originally operated in certain segments of the mechatronics industry and gradually developed into mechatronics supplier.

Tips:

- The best opportunities are for companies that are able to differentiate themselves from others in terms of quality. In addition, there will be long-term prospects for manufacturers in developing countries that are able to manage the balance between quality and price.
- Invest in the ability to offer 100% consistency in quality by upgrading your own in-house testing laboratory.
- A general overview of the EU buyer requirements for Motion, Drives, Control and Automation is available on the Market Intelligence Platform of CBI. The ITC standards map provides additional information on relevant quality standards.

Product competition: Less is more

In the mechatronics industry, most trends focus on 'less': less power consumption, less weight, less volume and lower costs. Product competition is therefore developing particularly strongly in these areas. At the same time, the strong growth within this industry is leading to rapid growth in the number of suppliers and systems, thus creating a clear risk of substitution.
Given the highly customised nature of mechatronic products, the strength of competition between mechatronic systems is difficult to measure.

Company competition

Rivalry: more entrants will lead to more rivalry in the future

The mechatronics sector is marked by a very low concentration. Companies are rather small in size, with most operating on a local, regional or national scale. Although individual companies compete with one another on the acquisition of new projects, rivalry in Europe can generally be regarded as 'low'. This is obviously expected to change as more companies develop into mechatronic suppliers (see 'Market Entry'). Exporters from developing countries are competing with other exporters in developing countries rather than with manufacturers in the EU. Reasons for this situation include the level of technology and the fact that most buyers prefer to choose from amongst the available suppliers in developing countries rather than choosing between local suppliers and those from developing countries.

Wide variety in buyer power

Buyer power is strong for buyers that are substantially larger than the mechatronic system suppliers, although it is considerably weaker for small buyers and those that are smaller than the mechatronic system suppliers. At the same time, buyers are generally unlikely to switch between suppliers within the industrial sector.

Tip:

- Look for customers who are equivalent in size or smaller than your own company.

Supplier power: Good component-distribution networks reduce supplier power

The power of suppliers can be rated as 'low' for most components used in mechatronic systems. In most countries that have distribution systems for technical problems (e.g. electronics, mechanics), several distributors are able to offer a wide range of components, such that their power is relatively low.

CBI Market Intelligence

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