

China Research Topical Report

Distributor Mergers and Acquisitions Prepare Semiconductor Supply Chain for Rebalancing

By Horse Liu, Manager

Forecast

Frequency, Time Period

- 5-year annual forecast

Measures

- Revenue

Regions, Markets

- China

Applications/Products Covered

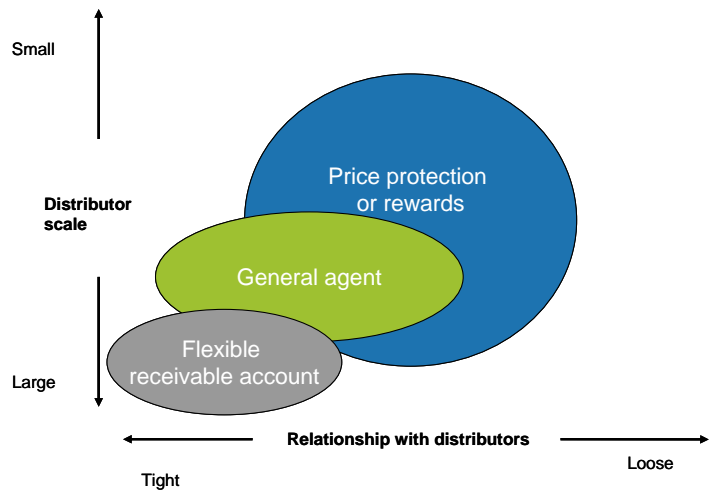
- Electronics Component Supply Chain
- Industrial Electronics
- Surveillance

Much like the global economy, the supply chain of semiconductor components was unbalanced from July 2009 to June 2010. Not completely out of the woods, some commodity components will continue to experience a shortage in the second half of 2010. In response, all participants are improving their cooperation and implementing several important strategies to rebalance the semiconductor supply chain. In addition, semiconductor suppliers are implementing flexible strategies to drive distributors to strengthen their buffer effect. In response, distributors are improving their forecasted capabilities and inventory managements in order to win more trust from suppliers and electronic product makers.

Although China's semiconductor market was flat during the global economic downturn, the leading electronics component distributors experienced rapid sales growth in 2009. This is due in part to; advantages in growing markets, better customer resources, broad product lines, and healthy inventory levels. After exiting 2009 the China semiconductor market recovered and saw healthy growth in 2010. On the other hand, distributors are encountering several significant challenges—including shortage of components, prolonged lead times, increasing product costs, and complex market status.

In this report, iSuppli provides a five-year forecast of China's semiconductor market by channel and the percentage of distribution sales by product. Also, iSuppli summarizes the successful factors of leading distributors, the important strategies in order to rebalance the semiconductor supply chain, and the development trend of mergers and development of strategy of local distributors.

Analysis of Three Strategies of Suppliers



Critical Questions Answered

- How can the semiconductor supply chain be rebalanced?
- What is the forecast for China's distribution market?
- What strategies are being implemented by leading distributors?
- What percentage of China semiconductor sales come from distribution sales? Direct sales?

Who Should Read This?

- IDM/Fabless
 - Marketing & Sales
 - Business Development
- Distributors
 - Business Development
 - Strategy

Lead Analyst

Horse Liu, Manager

A veteran of electronics sales and marketing, Horse researches a wide range of subjects for iSuppli. These include Independent Design Houses (IDH), electronics distributors, and consumer electronics applications such as DVD equipment, digital still cameras, and MP3 players.

Prior to joining iSuppli, Horse was Senior Product Marketing Executive for Dragon Technology. Horse has also served as product marketing specialist and technical marketing engineer for the World Peace Group, one of Asia's largest electronics distribution companies. There he was responsible for new market development and technical support.

Horse earned a Bachelor of Application of Electronics degree from HuaQiao University, QuanZhou, PRC., and a degree of Master of Business Administration from Guanghua School of Management, Peking University.

Table of Contents

Executive Summary
Findings and Implications
China Distribution Market Forecast
Major Distributor Review
Rebalancing the Semiconductor Supply Chain
Merger and Acquisition Analysis
Local Distributors' Development Strategy Analysis

Figures

China Semiconductor Sales Forecast by Channel, 2010-2014'
Analysis of Overbooking and Oversupply
Analysis of Three Strategies of Suppliers
Analysis of Profit Models of Different Types Distributors
Analysis of Profit Strategies between Local Distributors and Large Distributors

Tables

China Semiconductor Sales by Product and Channel, 2009
China's Leading Authorized Distributors
Analysis of Challenges and Opportunities of Distributors
Analysis of Products and Markets of China Major Local Distributors