

# 2018 INDUSTRY FORECAST

**ERA survey findings show positive  
industry growth this year**

REPRESENTATIVES  
MANUFACTURERS  
DISTRIBUTORS



As the page turns from 2017 and 2018 begins to unfold, all signs point toward a healthy U.S. economy and electronics industry growth.

According to a November 2017 CNN Money report, the U.S. economy picked up a strong momentum in the summer of 2017, growing 3.3 percent on an annual basis between July and September. An increase in exports, as well as business and consumer spending, contributed to the improved growth.

However, the Federal Reserve projected that overall economic growth will remain at about 2 percent for the foreseeable future. The modest growth is attributed to a sluggish increase in wages (up by only 2.4 percent in October 2017 compared with 2016), slow productivity growth and millions of Baby Boomers retiring.

In December, the Federal Reserve raised interest rates and predicted that the tax cuts would modestly increase economic growth for the next few years without resulting in inflation.

Unemployment rates have also played a positive role.

In November, unemployment dropped to 4.1 percent the lowest since December 2000.

In addition, the Institute for Supply Management (ISM) reported that manufacturing finished 2017 in solid shape. Since the U.S. presidential election in 2016, the manufacturing sector has gained 156,000 jobs. Economists attribute the gains to the renewed strength of the global economy and a weak U.S. dollar, according to CNN Money.

So what does all this mean for the electronics industry?

According to SourceToday's thought leadership series report, titled, "What's Ahead for 2018? Rosy outlook, transformation in the forecast," the positive economic outlook is fueled by the accelerating pace of digital transformation.

The report predicts that 2018 will be a pivotal year as a number of emerging technologies begin to enter the mainstream, including: "the rapid growth of Internet of Things (IoT) applications in both the consumer and industrial sectors and the treasure trove of Big Data they will produce; the integration of artificial-intelligence technologies, such as machine learning, deep learning and natural language processing, embedded in a growing number of business applications including supply chain management; as well as other innovations such as augmented and virtual reality applications that are being hyped as game changers for a variety

of consumer and business applications."

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 second consecutive year.

The report was generated via an electronic survey, which was conducted entirely over the Internet in December 2017. It offers a current assessment and 2018 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.

Seventy-six percent of respondents identified themselves as reps, 19 percent stated that they are manufacturers, and 5 percent stated that they are distributors.

The majority of survey respondents (87 percent) rated 2017 as a good, very good or excellent business year for their organizations, while only 13 percent rated 2017 as a poor to mediocre business year, down from 54 percent in 2016.

This trend is expected to continue into 2018 as 93 percent of survey respondents expect

2018 to be either a good, very good, or excellent business year for their organization. This is likely due to the healthy economic growth in 2017, optimism over expected tax cuts and positive job growth in the private sector.

In addition, the majority of respondents ranked the economy, business partnerships with reps, manufacturers and distributors, as well as strategic planning, new technology and staffing as the top five most important issues for their organizations in the upcoming year.

For a second consecutive year, surveyed ERA members shared that when planning for 2018, the highest sales growth is projected to come from the military/defense, medical, industrial, IoT, and automotive markets.

Everything points toward a strong year for the electronics industry. Read on for detailed survey data of ERA's 2018 Industry Forecast (pages 6 and 12).

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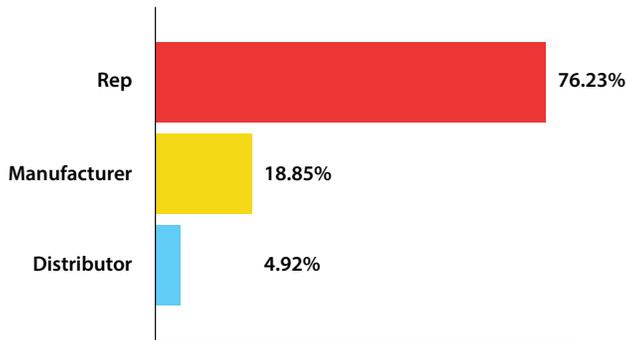
*ERA strives to stay on top of industry trends, opportunities and challenges. To keep its members informed and up to date on today's industry issues, ERA conducted its Industry Forecast survey for a second consecutive year.*

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

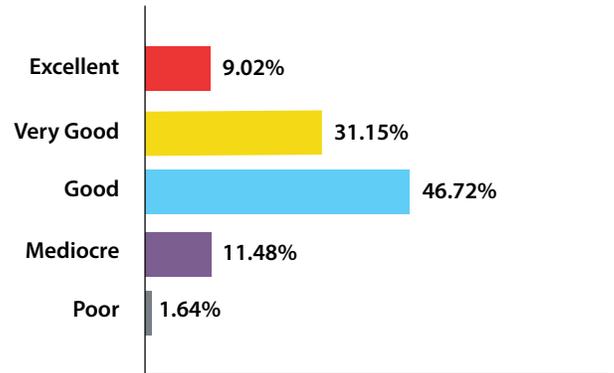
# COVER STORY: Industry forecast

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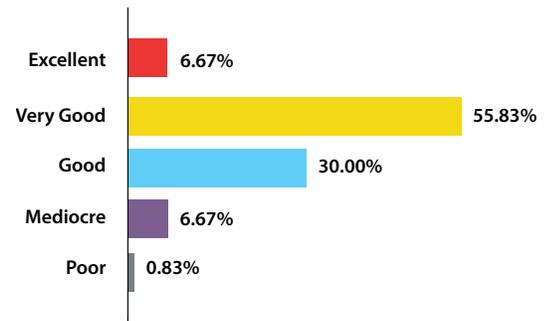
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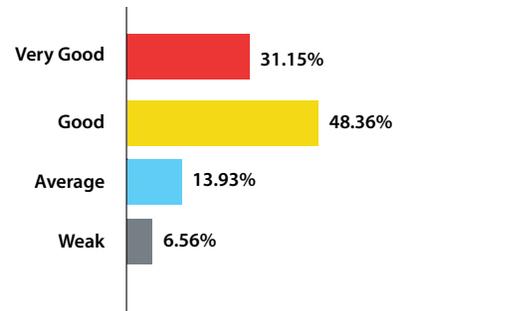
## How do you rate this year (2017) as a business year for your organization?



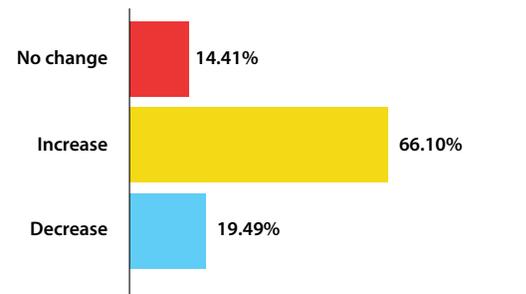
## How do you expect to rate next year (2018) as a business year for your organization?



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



## How has your organization's revenue changed in 2017 compared to 2016?



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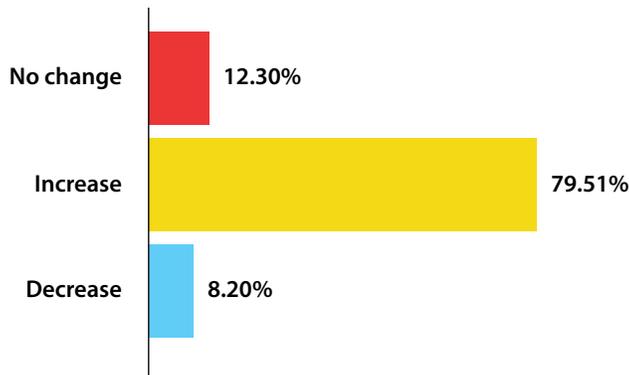
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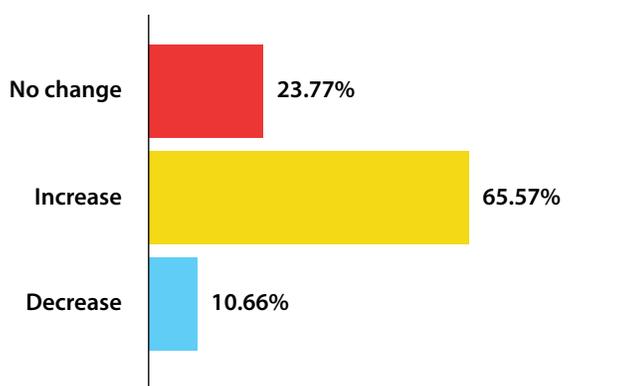
## COVER STORY: Industry forecast

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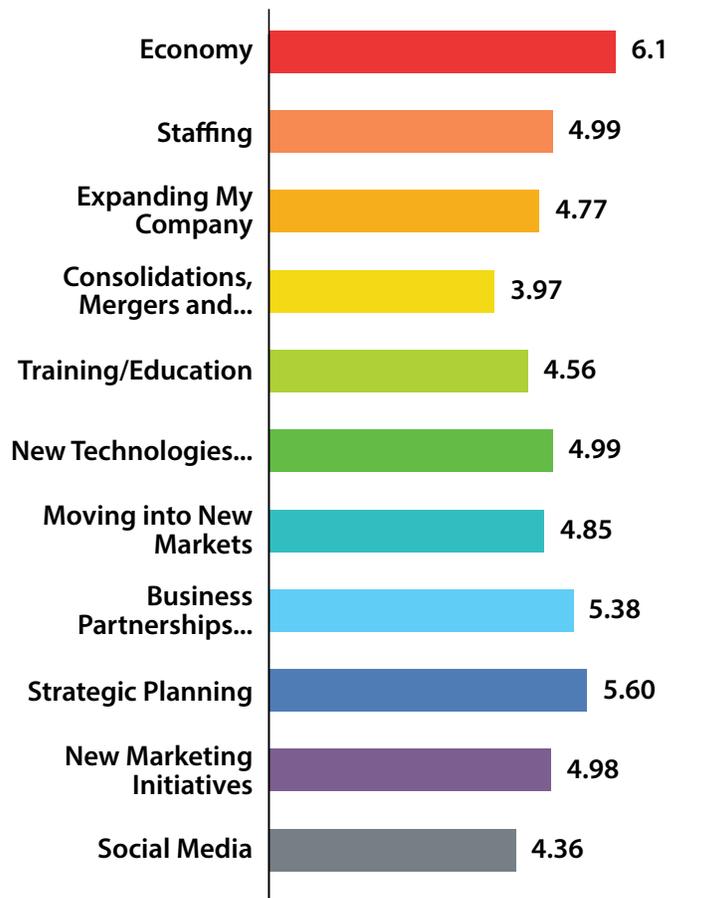
How do you expect your organization's revenue to change in 2018 compared to 2017?



How do you expect your total operating cost to change in 2018 compared to 2017?



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).



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