CCID Consulting: China's test and measurement instrument market expanded significantly in 2011

China's test and measurement instrument market saw a significant expansion in 2011, with its market size up 13.5 percent year-on-year to reach RMB 7.41 billion, thanks to the stable macro economy, the growth of the terminal product (such as smart phones) market, the continuous introduction and the commercial use of the new-generation telecommunications standards.

Figure .1 Size of China's Test and Measurement Instrument Market, 2008-2011

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Source: CCID Consulting, February, 2012

Generally, China's test and measurement market in 2011 demonstrated the following features:

1. Foreign vendors highly value the establishment and development of distribution channels.

In 2011, foreign vendors urged their distributors to enhance their technical support, market development and other services. Meanwhile, they were also actively engaged in building distribution channels to cover major cities as well as second and third-tier cities. On the other hand, the domestic vendors, depending on their profound knowledge of the Chinese market, have already established a distribution network that could enlarge their market share.

2. Vendors extend operations into new products and result in more competition.

The foreign vendors continuously found new application areas of their products and extended their operations to cover new products, while the domestic vendors also introduced new products, improved market promotion, and enhanced the cooperation with the downstream application sectors. On the other hand, more and more vendors started to focus on the second-hand test and measurement market and the leasing market. Therefore, China's test and measurement market is about to see more competition in the next few years.

3. New-generation wireless telecommunication will drive the growth of the test and measurement market.

In recent years, China's wireless telecommunication industry has enjoyed an incredibly rapid growth, with the fast development of various telecommunications standards such as 3G, 4G and LTE. A great number of LTE experimental networks have already been established at home and abroad, and the year of 2012 will see

the start of the trial operation test. In the next few years, LTE will be widely applied, thereby driving a continuous and rapid growth of the test and measurement market.

In the next three years, the development of China's test and measurement market will have the following features:

1. Electrical measurement will pursue higher accuracy and higher intelligence.

With the consumers' demand for automated, networked, highly efficient, highly reliable and interface-friendly test applications, the integration of electronic test technologies, telecommunications technologies and computer technologies will be accelerated, and the electronic measurement technologies will further develop to achieve higher accuracy and higher intelligence.

Software will gain more importance in electronic test technologies, for the electrical engineers will have to tackle challenges brought by the emergence of new digital electronic consumer products and the rapid expansion of the digital television market.

2. Product functions will be more integrated.

At present, the application sectors of test and measurement products are continuously expanding, which requires integration of multiple functions in one product. In future, a test and measurement product may integrate a series of regular functions such as oscilloscope, function generator and arbitrary waveform generator, as well as corresponding training and software support functions.

3. Channels will play a more important role in brand building.

While direct selling will remain the major sales channel for high-end test and measurement instruments featuring high performance, high quality and significant brand, the large-scale vendors will have to expand their distribution channels via the network, especially for medium-end and low-end test and measurement instruments.

Meanwhile, as the competition grows, the vendors tend to pay more attention to the technical service capability of their distribution channels, hence professional distribution is highly valued by vendors. The professional distributors are able to understand the brands to the maximum extent and therefore get the most out of the brands in terms of marketing, after-sales service and system integration and maximize the return for the vendors.

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